# APPENDIX ZA

## 1990 Investment Regulations

On December 20, 1990 the Lieutenant Governor filed a wide ranging set of regulations that had been adopted by Treasury; these regulations became effective on January 19, 1991. In part, these regulations established an extensive set of processes that the Department was obligated to follow in fulfilling its investment management responsibilities. These processes were intended both to facilitate and to ensure that the Department acted properly as a fiduciary.

These regulations were built around the concept of "***Governing Documents.***" "***Governing Documents***" included:

1. A detailed investment policy statement for each fund entrusted to the Department;
2. Any statement of particular investment standards, principles, or procedures employed by the Commissioner or the Department;
3. All delegations of investment authority and all suspensions or revocations of delegations to individual officers and employees of the Department and to third party managers;
4. The accounting policies for each fund entrusted to the Department;
5. Actuarial and valuation assumptions pertinent to the retirement funds; and
6. The required qualifications for investment officer positions in the Department.

The regulations established a comprehensive set of procedures by which the Department was required to formally adopt or amend these "***Governing Documents***." These procedures included:

1. Specific filing requirements;

2. A set of specific very short time deadlines;

3. Three day display advertisements in Anchorage, Fairbanks and Juneau general circulation newspapers summarizing each adoption or amendment of a "***Governing Document***;"

4. Notice by mail to a specified list of approximately 250 government officials and entities summarizing each adoption or amendment of a "***Governing Document***;" and

5. Distribution of a copy of each "***Governing Document***" and each amendment to all of the 250 government officials and entities specified above.

In addition, these regulations also established the following:

1. The requirement to distribute a set of monthly, quarterly and annual reports relating to each fund's performance to a list of government officials and entities (this list was fund-specific as opposed to the universal distribution list required for "***Governing Documents***.");

2. The requirement to make a set of annual fund-specific oral reports relating to the performance of various funds and the policies pertinent to those funds to a list of various boards and commissions;

3. Specific standards governing the Commissioner's delegation of investment responsibility;

4. Specific requirements governing the Commissioner's daily overview and supervision of both investment officers and contracted service providers;

5. Specific limits on the Commissioner's authority to exercise investment powers or duties where the Commissioner did not meet the training and experience standards required of investment officers;

6. Specific limits on the Commissioner's ability to invest in "an undiversified economy in a limited geographical area;"

7. A set of detailed procedures and requirements for procuring professional investment services for investment management and investment performance measurement;

8. An accounting advisory committee; and

9. An investment operations advisory committee.

Concomitantly with these regulations, Treasury promulgated a publication in December 1990 entitled, General Investment Policies: A Review of the Bases for the Policies, Including Relevant Objectives, Factors, and Standards as Well as Responsibilities, Authorizations, and Limitations. This document set forth an investment policy pertinent to each fund entrusted to the Department. A copy of the 1990 General Investment Policies may be found in Appendix ZB to this publication.

The particular procedures imposed by the regulations relating to "**Governing Documents**" were scheduled to go into effect on January 7, 1992. However, before these procedures became effective, the Department repealed the regulations.

During the 1991 and 1992 legislative sessions, contemporaneously with the repeal of these regulations, the Legislature reviewed the institutions and procedures pertinent to the management of the State's public pension funds. As a consequence of this review, in 1992 the Legislature created the ASPIB and vested that board with the fiduciary responsibility for the State's public pension funds. The ASPIB legislation established a comprehensive set of procedures to involve interested parties and members of the public in the investment decisions pertinent to all the affected retirement funds.