

MEMORANDUM

STATE OF ALASKA

Department of Revenue
Treasury Division
Phone 465-2350

DATE: March 9, 2007
TO: Distribution
FROM: Section Contacts (Comptroller/CIO/Cash Manager)
RE: Treasury's Investment Policies and Procedures Manual Maintenance

It is important that Treasury's Investment Policies and Procedures Manual (the Blue Book) be maintained in such a manner that it represent the current policies and procedures for the Division. In order for this Manual to be properly maintained all three sections need to be involved. This memorandum outlines the procedures that have been agreed upon by the respective sections as well as the timeline for related updates.

The Asset Accounting section will be responsible for the administrative functions related to the manual's maintenance such as inputting submitted changes. The table below outlines those responsible for section content maintenance. This memorandum outlines the process by which changes will occur.

When an update is being prepared all sections will be notified so as many changes as possible can be incorporated. At a minimum, an update will be done each year in late June to reflect new asset allocations set by Portfolio that become effective July 1. Another update will be done in September to incorporate last year's financial data. Updates will occur during the year as necessary.

Format and Update Frequency (A = Accounting, P = Portfolio and C = Cash Management)

Section	Content	Update Frequency	Responsible Section		
			A	P	C
Introduction and Overview	Treasury's responsibilities.	As needed	X	X	
Organization, Duties, Qualifications		As needed	X	X	
Ethics and Financial Disclosure		As needed	X	X	
Responsibility of Department of Revenue	Responsibilities re: revenue collection.	As needed	X		X
Brief History of Treasury's Role in the Management of Alaska's Public Funds		None			

Section	Content	Update Frequency	Responsible Section		
			A	P	C
Standards of Care and Loyalty Applicable to the Investment of State Funds	Categorization of Funds under management, fiduciary responsibilities of those involved in the investment process, and the prudent investor process the Department employees.	As needed	X	X	
Upkeep and compliance with this publication		As needed	X	X	
Delegation of the Commissioner's Responsibility for State Funds		Annually	X	X	X
Building Blocks for Treasury's Investment Policies		As needed		X	
Investment Pools	Authority and reason to pool. Narrative of pool types.	As needed		X	
Investment Policies Pertaining to Treasury's Investment Pools	Description of each pool in use including its investment policy, benchmark, legal constraints and special circumstances.	As needed		X	
Investment Policies Pertaining to Funds under the Direct Responsibility of the Commissioner of Revenue	Description of each fund being managed by Treasury including history, facts and figures, management, investment policy and control and reporting requirements.	Annually or as new funds are added	X	X	
Securities Lending Program	Brief history and listing of funds not participating	As needed	X	X	
Commission Recapture Program	Overview, Management and Monitoring Responsibilities and Accounting Treatment	As needed	X	X	
Investment Practices and Investment Restrictions	Execution, Pricing and Prohibited Transactions	As needed		X	

Section	Content	Update Frequency	Responsible Section		
			A	P	C
Investment Policies Pertaining to Funds Under the Control of ARMB	Treasury's relationship with ARMB	As needed	X		
Policies Pertaining to the State Comptroller		As needed	X		
Policies Pertaining to the Cash Manager		As needed			X
Appendix A	Statutes re: Responsibility of the Department for the State Treasury	As Needed	X		
Appendix B	Mandatory Agreement for All Treasury Personnel	As Needed	X	X	
Appendix C	Code of Ethics	As Needed	X	X	
Appendix D	Statutes re: Commissioner's Responsibility to ensure proper amounts are collected and expended	As Needed	X		X
Appendix E	Key Legislative Historical Material	None			
Appendix F	Statutes re: General Investment Authority and Responsibility of the Commissioner	As needed	X	X	X
Appendix G	Duties of Care and Loyalty and Treasury's Five-Step Process	As Needed		X	
Appendix H	Fiduciary Duty Responsibilities	As Needed	X	X	
Appendix I	Commissioner's Delegation of Investment Powers and CIO's Delegation to Staff	Annually each July 1 or as staff turn over		X	
Appendix J	Commissioner's Delegation of Control Responsibilities and Responsibility for Escheated property	Upon Commissioner, Comptroller or UCP Coordinator turnover.	X		

Section	Content	Update Frequency	Responsible Section		
			A	P	C
Appendix K	Capital Market Assumptions and Projections	Annually by June		X	
Appendix L	Commissioner's Authority to Pool Investment Funds	As Needed		X	
Appendix M and N	Commissioner's Decision to invest in specific SSgA CTF's	When changed		X	
Appendix O	Memo from AG	None			
Appendix P	Day in the Life of the GeFONSI	When needed	X		
Appendix Q	Table reflecting participants in the GeFONSI	When MOU is updated	X		
Appendix R	GeFONSI MOU	When changed	X		
Appendix S	Request for AG opinion on GeFONSI interest	None			
Appendix T	Memo Re: Investment of GeFONSI assets	When needed		X	
Appendix U	Statutes governing Investment of GeFONSI	When changed		X	
Appendix V and AQ	Constitutional and Statute changes relate to the CBRF	When changed	X	X	
Appendix W	Reserves Policy	When changed			
Appendix X	Commissioner's Decision/Justification for Management of the CBRF	When decision changes		X	
Appendix Z, AC, AG and AH	Statutes governing investment of the Public School, Alaska Children's, UofA and the Investment Loss Trust funds	When changed		X	
Appendix AA	Materials re: Public School TF	None			
Appendix AE	History of the UofA Endowment Trust Fund	None			
Appendix AF	History of the UofA Fed Land Grant	None			

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Appendix AI	Rebalance Policy	When needed		X	
Appendix AJ	Legal Opinion re: timing of transfer from APFC	None			
Appendix AK	Statutes governing investment of Airport funds	When needed		X	
Appendix AL	Resolutions related to Airport Bond issues	When needed	X		
Appendix AM	Airport Bond debt service schedules	When needed	X		
Appendix AN	AHFC Special Pledged Fund IPS (historical)	None			
Appendix AO	Statutes re: Alaska Heritage Endowment Fund	When needed	X		
Appendix AP	Statutes re: Alaska Mental Health Funds	When needed	X		
Appendix AQ	Statutes re: Statutory Budget Reserve Fund	When needed	X		
Appendix AT	Review of Oil Spill Funds	None			
Appendix AU	Overview of Energy Funds	None			
Appendix AV	Mental Health Trust Funds IPS (historical)	None			
Appendix BA	Statutes re: ASPIB	When needed	X	X	
Appendix BB	ASPIB resolution re: fiduciary responsibility	When needed	X	X	
Appendix BC	RSA between ASPIB and DOR-Treasury	Upon significant change other than amount	X		
Appendix BE, BF, BG, BH, BI, BJ and BL	ASPIB Policies and Asset Allocations	When needed		X	
Appendix BK	ASPIB mortgage history	When needed	X		
Appendix CA	Memo re: CIO's recommendation for State to resume Securities Lending	When activity changes		X	
Appendix CB	SL income distribution procedures	When changes occur	X		
Appendix DA	Cash Deficiency Operating Plan	As Needed			X

Section	Content	Update Frequency	Responsible Section		
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Appendix EA	Brokerage agreement for SOA Int'l Equity Investment Pool	Upon change		X	
Appendix FF, FG and FH	ASLC Investment materials	Upon change, usually annually		X	
Appendix ZA	Investment Regs	As Needed		X	
Appendix ZB	Historical General Investment Policies for Treasury	None			
Appendix ZC	Credit Ratings	As Needed		X	
Appendix ZD	Memo from R&B re: Insurance Reserves	As Needed		X	
Appendix ZE	Funds Listing	When accounts are added or deleted.	X		
Appendix ZG	Cash Manager Delegations	Annually or when staff turnover			X
Appendix ZH	Manual Update Procedures	As Needed l	X	X	X
Appendix ZI	Historical materials	None			
Appendix ZL	Lazard's Management of IE Portfolio	Upon change		X	
Appendix ZM	Letter from EVOS re: GeFONSI earnings	None			
Appendix ZN	Court Ruling re: NPR revenue	None			
Appendix ZO	Benchmark for Broad Market FI Pool	Upon change		X	
Appendix ZP	Finance's policy on Funds credited with GeFONSI interest	Upon change	X		
Appendix ZQ	ARMB delegations	Upon change in staff.		X	
Appendix ZS	IPS for Alaska Advance College Tuition Savings Fund (historical)	None			
Appendix ZU	EVOS asset allocation resolution	Upon change (usually April)		X	
Appendix ZV	RSA between EVOS and DOR-Treasury	Upon significant change other than amount	X		

Section	Content	Update Frequency	Responsible Section		
			A	P	C
Appendix ZW	AG opinion re: Investment of EVOS Funds in a State Acct	None			
Appendix ZY	EVOS Payout Schedule	None			
Appendix ZZ	AG opinion re: crediting of interest to funds participating in the GeFONSI	None			

Changes

The section contacts listed above will mutually review and approve related policy changes through the process outlined below. This process is intended to ensure that the section contacts are aware of policy changes and that the changes submitted have been incorporated as requested.

Changes must be submitted in such a form to allow direct insertion into the electronic version of the manual.

1. The drafter should print the section to change from the web and clearly mark the changes requested. Submit the changed section to Asset Accounting in hard copy. The change will be incorporated by Asset Accounting with the track changes function activated in Word. Asset Accounting will remit a color copy of the changed pages to the “drafter” for review and approval. The drafter will initial the color hardcopy, and obtain the initials of other section contacts if different (see table for related section contacts), to indicate approval of changes to be incorporated in the next version of the manual. Once all required approving initials are obtained, the color copy of the changed page is returned to Asset Accounting for the historical files.
2. If the change is simply a replacement PDF document, the document should be submitted to Asset Accounting in PDF format to be included in the next revision and this review/approval process is not applicable.
3. Once Asset Accounting has made all changes a final draft of all changed documents will be made available for all those on the distribution list below for review. A review period of two weeks will be provided for general comments.
4. Any changes as a result of comments made to the final draft will be circulated though the process outlined above. If no comments are received, the final draft will become the new version and will be published on Treasury’s web site.

Documentation and Document Retention

Asset Accounting will maintain the master document and archive superceded sections as they are updated. Asset Accounting will:

1. Record the revision date, a short summary of the revision made and the version the revision occurred in at the end of each section within the policy manual itself. Include a summary of changes at the beginning of each update to provide a history and quick reference of changes.
2. Archive each version of the manual and appendices for historical purposes.
3. Retain documentation related to changes for historical purposes.

Hard Copy Policy Manuals

Hard copy policy manuals are maintained by various sections within the Department. Once a new version of the manual is issued, hard copy documents will be made available to those who have indicated they have hard copy manuals to maintain. Asset Accounting will distribute the hard copy documents along with a memorandum explaining which sections need to be replaced. It is the recipient's responsibility to maintain their hard copy manuals.

Distribution: Patrick Galvin, Commissioner
Brian Andrews, Deputy Commissioner
Gary Bader, Chief Investment Officer
Susan Taylor, Comptroller
Michelle Prebula, Cash Manager
Julie Pierce, Assistant Comptroller