

HOUSE BILL NO. HB0060

State investment policy.

Sponsored by: Select Committee on Capital Financing &
Investments

A BILL

for

1 AN ACT relating to public funds; removing restriction on
2 the percentage of permanent funds that may be invested in
3 common stock; providing for a strategy to evaluate the
4 risks of investments; requiring the state loan and
5 investment board to establish metrics for managing and
6 mitigating the risks of investments; requiring evaluations
7 of the risks of investments as specified; requiring
8 reports; and providing for an effective date.

9

10 *Be It Enacted by the Legislature of the State of Wyoming:*

11

12 **Section 1.** W.S. 9-4-715(b) and (d) and 9-4-716(b) by
13 creating a new paragraph (ix), (d)(i)(A) and by creating a
14 new subparagraph (C) are amended to read:

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1 **9-4-715. Permissible investments.**

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3 (b) The state treasurer, or his designee, which shall
4 be registered under the Investment Advisor's Act of 1940 as
5 amended if required to be registered by the terms of that
6 act as amended, upon written authority, may invest monies
7 of the permanent funds in securities, ~~but not more than~~
8 ~~fifty-five percent (55%) shall be invested in common stocks~~
9 including stocks of corporations. The state treasurer shall
10 report at least annually to the select committee on capital
11 financing and investments on the analysis conducted
12 pursuant to paragraph (d)(ii) of this section and W.S.
13 9-4-716(b)(ix).

14

15 (d) When approving, acquiring, investing,
16 reinvesting, exchanging, retaining, selling and managing
17 investments of the state of Wyoming, the members of the
18 board, the state treasurer, designees of the state
19 treasurer or any other fiduciary appointed by the state
20 treasurer or the board shall:

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1 (i) Exercise the judgment and care of a prudent
 2 investor as specified by the Uniform Prudent Investor Act,
 3 W.S. 4-10-901 through 4-10-913;

4
 5 (ii) Evaluate the risk of investments using a
 6 strategy based on the principles of the capital market
 7 theory which are generally accepted and followed by
 8 institutional investors including long-term investors.
 9 This strategy includes a consideration of the following:

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 11 (A) Risks shall be mitigated through
 12 diversification of asset classes and investment approaches
 13 and through diversification of individual securities;

14
 15 (B) Prudent risk taking is a necessary
 16 element of long-term investing and is needed to achieve the
 17 long-term objectives of a fund.

18
 19 **9-4-716. State investment policy; investment**
 20 **consultant.**

21
 22 (b) The investment policy statements shall include
 23 the following:

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(ix) Two (2) risk mitigation metrics for managing and mitigating the risks of investments consistent with the strategy specified in W.S. 9-4-715(d)(ii):

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(A) One (1) metric shall specify the maximum percentage of monies in the state fund or state funds that may be invested in securities in consideration of all the factors developed for the fund's investment policy statement under this subsection; and

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(B) One (1) metric shall measure risk in the state fund or state funds using a value at risk measurement technique or other similar risk measurement technique.

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(d) The board:

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(i) Shall procure the services of a qualified entity to evaluate:

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1 (A) At least annually, the reasonableness
2 and comprehensiveness of the investment policy statements
3 required under this section;~~and~~

4

5 (C) At least annually or when market
6 conditions warrant a change or reallocation of investments,
7 the risks of investing state funds using the metrics
8 specified in the investment policy statements pursuant to
9 paragraph (b)(ix) of this section.

10

11 **Section 2.** This act is effective immediately upon
12 completion of all acts necessary for a bill to become law
13 as provided by Article 4, Section 8 of the Wyoming
14 Constitution.

15

16

(END)