

HOUSE BILL NO. HB0164

Investment of public funds.

Sponsored by: Select Committee on Capital Financing &
Investments

A BILL

for

1 AN ACT relating to administration of government; modifying
2 the duties of the investment funds committee and the state
3 treasurer; modifying memberships of the committee;
4 modifying requirements for the adoption of investment
5 policy statements; amending reporting requirements;
6 providing an exemption from public meeting requirements as
7 specified; specifying legislative intent; providing an
8 appropriation; and providing for an effective date.

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

11

12 **Section 1.** It is the goal of the legislature to
13 maximize the total net return on investment of state funds
14 while protecting principal in a manner that strives for the
15 highest possible risk adjusted total return consistent with

1 an appropriate level of safety, liquidity and consideration
2 of the unique circumstances for each fund and which is
3 consistent with fiduciary and constitutional duties. This
4 act authorizes the investment funds committee, comprised of
5 investment professionals, to provide review of certain
6 state investments and appropriate consultation with the
7 elected state treasurer, the state treasurer's office and
8 the state loan and investment board in carrying out
9 investment related duties.

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11 **Section 2.** W.S. 9-4-714(a) by creating new paragraphs
12 (vi) and (vii) and by renumbering (vi) as (viii),
13 9-4-715(a)(intro), (b), (c) by creating a new paragraph
14 (i), by amending and renumbering (i) as (ii) and by
15 renumbering (ii) as (iii), (d)(intro) and (n)(intro),
16 9-4-716(a)(intro) and (c), 9-4-717 by creating a new
17 subsection (e), 9-4-720(a), (c) through (f) and by creating
18 new subsections (g) and (h), 9-4-721(b) and 16-4-407 are
19 amended to read:

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21 **9-4-714. Definitions.**

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23 (a) As used in this act:

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(vi) "Committee" means the investment funds committee created by W.S. 9-4-720;

(vii) "Designated chief investment officer" means the employee retained pursuant to W.S. 9-4-715(a);

~~(vi)~~(viii) "This act" means W.S. 9-4-714 through 9-4-721.

9-4-715. Permissible investments; designated chief investment officer.

(a) ~~The state treasurer is the chief investment officer of the state of Wyoming.~~ The state treasurer, in consultation with the investment funds committee, shall employ a designated chief investment officer who shall have minimum qualifications including at least ten (10) years of experience managing institutional investment portfolios of in excess of five hundred million dollars (\$500,000,000.00), experience with hiring and managing internal and external investment managers and extensive experience in any two (2) or more of the following areas:

1 domestic equity, fixed income securities, international
2 equity or alternative investments. The designated chief
3 investment officer shall provide the state treasurer with
4 information and recommendations regarding the investment of
5 state funds and additional information as requested by the
6 state treasurer. The state ~~treasurer's~~ treasurer shall
7 compile an annual report which shall include investment,
8 income, individual and aggregate gains and losses by fund
9 and the extent to which the state investment policy is
10 being implemented. Subject to requirements of subsection
11 (c) of this section, state funds may be invested in any
12 investment:

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14 (b) The state treasurer, or his designee, which shall
15 be registered under the Investment Advisor's Act of 1940 as
16 amended if required to be registered by the terms of that
17 act as amended, may invest up to seventy percent (70%) of
18 the permanent funds in equities, including stocks of
19 corporations pursuant to subsections (c) and (d) of this
20 section. The state treasurer shall report at least annually
21 to the select committee on capital financing and
22 investments, ~~and~~ the joint appropriations committee and the
23 investment funds committee on the analysis conducted

1 pursuant to paragraph (d)(ii) of this section and W.S.
2 9-4-716(b)(ix).

3

4 (c) The state treasurer shall obtain the approval of
5 the board prior to the investment of funds in alternative
6 investments, provided:

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8 (i) The investment funds committee shall review
9 any new proposed investment of funds in alternative
10 investments and shall submit recommendations to the board;

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12 (i)(ii) The approval of the board shall be
13 complete after consideration of any recommendation from the
14 investment funds committee and upon the review and written
15 acceptance by the board of the material terms of the
16 instruments governing the investment;

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18 (ii)(iii) Any material adverse change to the
19 terms of instruments governing investments, previously
20 approved by the board, at any time while the investments
21 are held by the state of Wyoming shall require the renewal
22 of approval of such investments by the board.

23

1 (d) When approving, acquiring, investing,
2 reinvesting, exchanging, retaining, selling and managing
3 investments of the state of Wyoming, the members of the
4 board, the members of the investment funds committee,
5 ~~created by this act,~~ the state treasurer, designees of the
6 state treasurer or any other fiduciary appointed by the
7 state treasurer, the board or the investment funds
8 committee shall:

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10 (n) The state treasurer shall not invest state funds
11 for a specific public purpose authorized or directed by the
12 legislature in excess of a total of one billion dollars
13 (\$1,000,000,000.00), excluding investments made pursuant to
14 W.S. 37-5-406. By November 1 of each calendar year, the
15 state treasurer, in consultation with the board, the
16 Wyoming water development office, the Wyoming business
17 council and the office of state lands and investments,
18 shall provide a report to the select committee on capital
19 financing and investments and the investment funds
20 committee on all state funds invested for a specific public
21 purpose authorized or directed by the legislature. The
22 report shall include:

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1 **9-4-716. State investment policy; investment**
2 **consultant.**

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4 (a) The board, in consultation with the investment
5 funds committee, shall adopt investment policy statements
6 for state funds and shall review those policy statements at
7 least annually. These policy statements shall be subject to
8 the following:

9
10 (c) The state treasurer, in consultation with the
11 investment funds committee, ~~created by this act,~~ shall
12 develop and submit proposed investment policy statements
13 for each grouping of state funds specified in subsection
14 (a) of this section and may contract for assistance in
15 developing proposals or in making suggestions for
16 modifications to existing investment policy statements. The
17 state treasurer shall report quarterly to the board and the
18 investment funds committee regarding the performance of
19 investments with respect to each grouping of state funds
20 specified by the board under subsection (a) of this section
21 and such other information as may be required by the board.

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23 **9-4-717. Additional investment matters.**

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2 (e) In making any new investment of state funds under
3 this act or investing state or other funds as otherwise
4 authorized by law, the state treasurer shall consult with
5 the designated chief investment officer or the officer's
6 designee.

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8 **9-4-720. Investment funds committee created; duties.**

9

10 (a) There is created the investment funds committee.
11 The committee consists of six (6) voting members including
12 the state treasurer, ~~a member of the state treasurer's~~
13 ~~office designated by the state treasurer,~~ the chief
14 investment officer of the Wyoming retirement system and
15 ~~three (3)~~ four (4) members appointed by a selection panel
16 in accordance with W.S. 9-4-721. In addition to the voting
17 members, there shall be one (1) ex officio nonvoting member
18 appointed by the governor, and one (1) ex officio nonvoting
19 member appointed by the management council. The designated
20 chief investment officer shall also serve as an ex officio
21 nonvoting member.

22

1 (c) The ~~three (3)~~ voting members appointed by a
2 selection panel shall serve a three (3) year term. ~~provided~~
3 ~~that of the initial committee, one (1) member shall be~~
4 ~~appointed for a one (1) year term, one (1) member for a two~~
5 ~~(2) year term and one (1) member for a three (3) year term.~~
6 The ~~three (3)~~ voting members are eligible for
7 reappointment. Terms of appointment for voting members
8 shall commence on March 1 of the year of appointment. Any
9 appointed voting member of the committee may be removed by
10 the selection panel at any time or may be removed by the
11 governor for malfeasance or misconduct in office. If an
12 appointed voting position on the committee becomes vacant
13 for any reason, the selection panel shall appoint a member
14 in accordance with W.S. 9-4-721 to fill the position for
15 the remainder of the unexpired term. Appointed voting
16 members of the investment funds committee shall be
17 confirmed by the senate. The selection panel may fill any
18 vacancy occurring between sessions of the legislature by
19 temporary appointment.

20

21 (d) The state treasurer shall be the chairman of the
22 committee. The committee shall ~~meet at least quarterly and~~
23 ~~at the call of either the chairman or a majority of the~~

1 ~~membership~~ hold not less than four (4) regularly scheduled
2 meetings each year. Special meetings may be called by the
3 chairman and shall be called by the chairman upon a written
4 request submitted by a majority of the voting members. All
5 matters shall be decided by a majority vote of a quorum of
6 the voting members of the committee, except as otherwise
7 provided in this section.

8
9 (e) ~~Staff and support for the committee~~ Meeting
10 facilities, secretarial or clerical assistance, supplies
11 and such other assistance as the committee may require in
12 the performance of its duties shall be provided by the
13 office of the state treasurer. Members of the committee
14 who are not employees or elected officials of the state of
15 Wyoming shall ~~receive per diem and travel expense~~
16 reimbursement ~~be paid expenses~~ in the manner and amount
17 prescribed for ~~legislators under W.S. 28-5-101~~ state
18 employees under W.S. 9-3-102 and 9-3-103 for each day of
19 attending and traveling to and from meetings and other
20 activities necessary to the performance of the duties of
21 the committee.

22

1 (f) ~~In addition to the duties prescribed under this~~
2 ~~act,~~ The committee shall:

3
4 (i) Review state investment policies and
5 procedures and recommend statutory, rule or policy
6 modifications as the committee deems appropriate to
7 maximize total net returns while protecting principal in a
8 manner that strives for the highest possible risk adjusted
9 total return consistent with an appropriate level of
10 safety, liquidity and consideration of the unique
11 circumstances for each fund;

12
13 (ii) Consult with the state treasurer and the
14 board as required by law and as requested by each of those
15 entities regarding the establishment and execution of state
16 investment policies;

17
18 (iii) Monitor the investment of state funds in
19 alternative investments;

20
21 (iv) Report to the legislature's select
22 committee on capital financing and investments regarding

1 state investment policies, procedures, authority and
2 execution of the same upon request;

3
4 (v) Establish or approve investment benchmarks
5 and determine or review whether benchmarks have been
6 exceeded as required by W.S. 9-1-409(e) and 9-3-406(a).
7 Notwithstanding subsections (a) and (b) of this section,
8 members of the committee appointed by the governor or the
9 management council may vote on benchmarks. A member of the
10 committee who is also an employee or board member of the
11 state treasurer's office or the Wyoming retirement system
12 shall not vote on any benchmark.~~The committee through the~~
13 ~~state treasurer's office may engage the services of~~
14 ~~consultants on a contract basis for rendering professional~~
15 ~~assistance and advice in establishing and evaluating~~
16 ~~benchmarks.~~

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18 (g) The committee through the state treasurer's
19 office may contract with consultants having special
20 expertise to assist in the performance of its duties.

21
22 (h) Liability of committee members shall be governed
23 by W.S. 1-23-107.

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2 **9-4-721. Investment funds committee; selection panel.**

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4 (b) The selection panel shall research and interview
5 candidates for the investment funds committee. The
6 selection panel shall solicit nominations for candidates
7 for the investment funds committee ~~may be nominated by~~ from
8 the state treasurer's office, other members of the
9 investment funds committee, other appropriate entities and
10 the board. ~~or~~ Interested persons may apply directly to the
11 panel.

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13 **16-4-407. Conflict of law; exemption.**

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15 (a) If the provisions of this act conflict with any
16 other statute, the provisions of this act shall control.

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18 (b) This act shall not apply to the state loan and
19 investment board when meeting solely to receive education
20 on and interview investment managers provided that the
21 board shall take no action regarding public business during
22 the meeting.

23

1 **Section 3.** The additional voting position on the
2 investment funds committee created in W.S. 9-4-720(a), as
3 amended by this act, shall be treated as a vacant position.
4 The selection panel shall appoint a temporary member in
5 accordance with W.S. 9-4-720(c) and 9-4-721 to fill the
6 position. In order to continue staggered terms of
7 appointment on the investment funds committee, the
8 temporary member's term appointed under this section shall
9 expire on February 28, 2022.

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11 **Section 4.** There is appropriated seventy-five
12 thousand dollars (\$75,000.00) from special revenue
13 available for external manager payments to the state
14 treasurer's office for purposes of funding the investment
15 funds committee activities as authorized in this act. This
16 appropriation shall be for the period beginning with the
17 effective date of this act and ending June 30, 2022. This
18 appropriation shall not be transferred or expended for any
19 other purpose and any unexpended, unobligated funds
20 remaining from this appropriation shall revert as provided
21 by law on June 30, 2022.

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1 **Section 5.** This act is effective immediately upon
2 completion of all acts necessary for a bill to become law
3 as provided by Article 4, Section 8 of the Wyoming
4 Constitution.

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(END)