

HOUSE BILL NO. 533

INTRODUCED BY V. COURT, D. BARTEL, R. BRODEHL, D. BROWN, T. BURNETT, T. GAUTHIER,  
K. HOLMLUND, N. SWANDAL

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING REQUIREMENTS FOR PROFESSIONAL  
INVESTMENT EXPERIENCE FOR CERTAIN MEMBERS OF THE BOARD OF INVESTMENTS; ESTABLISHING  
CONTINUING EDUCATION REQUIREMENTS FOR BOARD OF INVESTMENTS MEMBERS; AMENDING  
SECTION 2-15-1808, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 2-15-1808, MCA, is amended to read:

**"2-15-1808. Board of investments -- allocation -- composition -- qualifications -- continuing education -- quasi-judicial.** (1) There is a board of investments within the department of commerce.

(2) Except as otherwise provided in this subsection, the board is allocated to the department for administrative purposes as prescribed in 2-15-121. The board may employ a chief investment officer and an executive director who have general responsibility for selection and management of the board's staff and for direct investment and economic development activities. The board shall prescribe the duties and annual salaries of the chief investment officer, executive director, and six professional staff positions. The chief investment officer, executive director, and six professional staff serve at the pleasure of the board.

(3) The board is composed of nine members appointed by the governor, as prescribed in 2-15-124, and two ex officio, nonvoting members. The members are:

(a) one member from the public employees' retirement board, provided for in 2-15-1009, and one member from the teachers' retirement board provided for in 2-15-1010. If either member of the respective retirement boards ceases to be a member of the retirement board, the position of that member on the board of investments is vacant, and the governor shall fill the vacancy in accordance with 2-15-124.

(b) seven members who will provide a balance of professional expertise and public interest and accountability, who are informed and experienced in the subject of investments, and who are representatives of:

- (i) the financial community;
- (ii) small business;

1 (iii) agriculture; and

2 (iv) labor; and

3 (c) two ex officio, nonvoting legislative liaisons to the board, of which one must be a senator appointed  
4 by the president of the senate and one must be a representative appointed by the speaker of the house. The  
5 liaisons may not be from the same political party. Preference in appointments is to be given to legislators who  
6 have a background in investments or finance. The legislative liaisons shall serve from appointment through each  
7 even-numbered calendar year and may attend all board meetings. Legislative liaisons appointed pursuant to this  
8 subsection (3)(c) are entitled to compensation and expenses, as provided in 5-2-302, to be paid by the legislative  
9 council.

10 (4) At least three of the nine members must each have at least 5 years of professional investment  
11 experience as an investment professional.

12 (5) (a) Each member of the board and the legislative liaisons to the board shall attend an orientation to  
13 be provided by the board's staff that, at a minimum, educates the member about:

14 (i) program governance;

15 (ii) the board's fiduciary duty and actuarial policies; and

16 (iii) the retirement systems and plans provided for in Title 19.

17 (b) Subject to the provisions of subsection (5)(c), each EACH board member shall annually participate  
18 in a minimum of 8 hours of flexible, cost-effective, and geographically accessible basic or continuing education  
19 that functions to ensure that each member attains an appropriate level of knowledge and understanding of:

20 (i) best practices in:

21 (A) the monitoring of investment pools and accounts, the composition of asset class, and investment  
22 managers; and

23 (B) investment strategy; and

24 (ii) key institutional investment management concepts, including:

25 (A) portfolio management theory and strategies;

26 (B) asset class attributes and investment strategies; and

27 (C) financial performance evaluation concepts.

28 (c) The presiding officer of the board may waive the continuing education requirement under subsection  
29 (5)(b) for a member who is registered or affiliated with the United States securities and exchange commission,  
30 the financial industry regulatory authority, or the Montana securities commissioner or for a member who maintains

1 ~~a similar, relevant investment professional certification or credential if the member satisfies the continuing~~  
2 ~~education requirements necessary to retain the member's registration or credentials.~~

3 ~~(4)(6)~~ The board is designated as a quasi-judicial board for the purposes of 2-15-124."

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5 **NEW SECTION. Section 2. Effective date -- applicability.** [This act] is effective July 1, 2017, and  
6 applies to appointments on or after December 31, 2018.

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