

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; amending restrictions on
2 the investment of permanent funds; providing for a strategy
3 to evaluate the risks of investments; requiring the state
4 loan and investment board to establish metrics for managing
5 and mitigating the risks of investments; requiring
6 evaluations of the risks of investments as specified;
7 requiring reports; and providing for an effective date.

8

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

10

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

14

15 **9-4-715. Permissible investments.**

1

2 (b) The state treasurer, or his designee, which shall
3 be registered under the Investment Advisor's Act of 1940 as
4 amended if required to be registered by the terms of that
5 act as amended, upon written authority, may invest ~~monies~~
6 up to seventy percent (70%) of the permanent funds in
7 ~~securities but not more than fifty five percent (55%) shall~~
8 ~~be invested in common stocks~~ equities, including stocks of
9 corporations. The state treasurer shall report at least
10 annually to the select committee on capital financing and
11 investments and the joint appropriations committee on the
12 analysis conducted pursuant to paragraph (d)(ii) of this
13 section and W.S. 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:

21

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:

10
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:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

(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):

(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

(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.

(d) The board:

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

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)