

ORIGINAL HOUSE
BILL NO. HB0060

ENROLLED ACT NO. 35, HOUSE OF REPRESENTATIVES

SIXTY-FOURTH LEGISLATURE OF THE STATE OF WYOMING
2017 GENERAL SESSION

AN ACT relating to public funds; amending restrictions on the investment of permanent funds; providing for a strategy to evaluate the risks of investments; requiring the state loan and investment board to establish metrics for managing and mitigating the risks of investments; requiring evaluations of the risks of investments as specified; requiring reports; and providing for an effective date.

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

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

9-4-715. Permissible investments.

(b) The state treasurer, or his designee, which shall be registered under the Investment Advisor's Act of 1940 as amended if required to be registered by the terms of that act as amended, upon written authority, may invest ~~monies up to seventy percent (70%) of the permanent funds in securities but not more than fifty-five percent (55%) shall be invested in common stocks~~ equities, including stocks of corporations. The state treasurer shall report at least annually to the select committee on capital financing and investments and the joint appropriations committee on the analysis conducted pursuant to paragraph (d)(ii) of this section and W.S. 9-4-716(b)(ix).

(d) When approving, acquiring, investing, reinvesting, exchanging, retaining, selling and managing investments of the state of Wyoming, the members of the board, the state treasurer, designees of the state

ORIGINAL HOUSE
BILL NO. HB0060

ENROLLED ACT NO. 35, HOUSE OF REPRESENTATIVES

SIXTY-FOURTH LEGISLATURE OF THE STATE OF WYOMING
2017 GENERAL SESSION

treasurer or any other fiduciary appointed by the state treasurer or the board shall:

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

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

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

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

9-4-716. State investment policy; investment consultant.

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

(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

ORIGINAL HOUSE
BILL NO. HB0060

ENROLLED ACT NO. 35, HOUSE OF REPRESENTATIVES

SIXTY-FOURTH LEGISLATURE OF THE STATE OF WYOMING
2017 GENERAL SESSION

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:

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

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

ORIGINAL HOUSE
BILL NO. HB0060

ENROLLED ACT NO. 35, HOUSE OF REPRESENTATIVES

SIXTY-FOURTH LEGISLATURE OF THE STATE OF WYOMING
2017 GENERAL SESSION

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

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the House.

Chief Clerk