

SENATE JOINT RESOLUTION NO. 29

INTRODUCED BY BALYEAT, BARKUS, BROWN, COCCHIARELLA, JACKSON, KEANE, LARSON, LEWIS, MENDENHALL, SMITH, SQUIRES, STAHL, STEINBEISSER, J. TROPILA, WEINBERG BY REQUEST OF THE SENATE BUSINESS, LABOR, AND ECONOMIC AFFAIRS STANDING COMMITTEE

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM STUDY OF THE BOARD OF INVESTMENTS, INCLUDING ITS INVESTMENT AND ADMINISTRATIVE POLICIES AND PROCEDURES.

WHEREAS, the Board of Investments is Montana's primary investor of public funds, trusts, state pension assets, and state workers' compensation assets; and

WHEREAS, investments made on behalf of Montana are critically important to the operations and economy of the state and involve a market value of more than \$12.5 billion; and

WHEREAS, a periodic examination of the structure of the quasi-judicial, nine-member Board of Investments is important to determine whether the gubernatorially appointed, independent board, which is administratively attached to the Department of Commerce, has enough independence, authority, and continuity to fulfill its fiduciary responsibilities; and

WHEREAS, the Legislature has the prerogative to set policy guidelines under which the Board of Investments may SHALL exercise its fiduciary responsibilities because investment decisions have political ramifications and are not immune from ramifications that relate to politically risky investments in companies engaged in dubious business practices or contributing to environmental degradation, human rights abuses, or terrorism, AND THE LEGISLATURE EXPECTS MAXIMIZATION OF RETURNS THROUGH THE PRUDENT EXPERT PRINCIPLE BUT MAY REQUIRE THAT THE RAMIFICATIONS OF POLITICALLY RISKY INVESTMENTS BE CONSIDERED.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Legislative Council be requested to designate an appropriate interim committee, pursuant to section 5-5-217, MCA, or direct sufficient staff resources to examine the structure and investment philosophies of the Board of Investments to determine whether:



1 (1) changes in the structure of the Board, its membership, and its staffing are necessary to provide better  
2 continuity, oversight by the Governor or the Legislature of investment philosophies, or better investment  
3 decisions, INCLUDING MANAGEMENT DECISIONS THAT LEAD TO MORE COST-EFFECTIVE HANDLING OF INVESTMENTS; ~~and~~

4 (2) establishment of parameters for investments can be done in a way that sustains fiduciary  
5 responsibility yet reflects philosophies established by the Legislature; AND

6 (3) ECONOMIC DEVELOPMENT FUNDS CAN BE INVESTED BY THE APPROPRIATE ENTITY IN STATE GOVERNMENT  
7 RESPONSIBLE FOR THE SPECIFIC ECONOMIC DEVELOPMENT PROGRAM AND, IF SO, DETERMINE WHAT CRITERIA TO  
8 ESTABLISH FOR THOSE INVESTMENTS.

9 BE IT FURTHER RESOLVED, that the study include an actuarial analysis, if necessary, and a survey  
10 of how other states invest, including whether other states avoid politically risky investments ~~in companies~~  
11 ~~engaged in dubious business practices or contributing to environmental degradation, human rights abuses, or~~  
12 ~~terrorism while upholding their fiduciary responsibility.~~

13 BE IT FURTHER RESOLVED, that if the study is assigned to staff, any findings or conclusions be  
14 presented to and reviewed by an appropriate committee designated by the Legislative Council.

15 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review  
16 requirements, be concluded prior to September 15, 2008.

17 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,  
18 comments, or recommendations of the appropriate committee, be reported to the 61st Legislature.

19 - END -