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As of: April 10, 2007 (8:29am)

BUSINESS, LABOR & ECONOMIC AFFAIRS

EXHIBIT No. 2
DATE 4-10-07
BILL No. LC 7139

**** Joint Resolution No. ****

Introduced By *****

By Request of the *****

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 substantial sums of money, as evidenced by just one of the Board of Investment programs, the unified investment program, which started with a \$321 million book value in 1972 in 40 accounts and at yearend 2006 was at \$10.65 billion in 478 accounts, for a 10.8% average annual increase in book value; 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 parameters in which the Board of Investments exercises its

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fiduciary responsibility because investment decisions have, and are not immune from, political ramifications if they relate to politically risky investments in companies engaged in dubious business practices or contributing to environmental degradation, human rights abuses, or terrorism.

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) changes in the structure of the board, its membership, and its staffing is necessary to provide better continuity, oversight by the governor or the legislature of investment philosophies, or better investment decisions; and

(2) establishment of parameters for investments can be done in a way that sustains fiduciary responsibility yet reflects philosophies established by the legislature.

BE IT FURTHER RESOLVED, that the study include an actuarial analysis, if necessary, and a survey of how other states invest and whether other states uphold their fiduciary responsibility while avoiding politically controversial investments.

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

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Council.

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

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

- END -

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