

SENATE BILL NO. 467

INTRODUCED BY V. COCCHIARELLA

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS GOVERNING THE BOARD OF INVESTMENTS; ~~INCREASING PROFESSIONAL STAFF POSITIONS; REVISING MEMBERSHIP OF THE BOARD; SPECIFYING REQUIRED MEETINGS; PROVIDING FOR A TRANSITION IN MEMBERSHIP; ADDING LEGISLATIVE LIAISONS TO THE BOARD;~~ AMENDING SECTIONS SECTION 2-15-1808 AND 2-18-103, MCA; AND PROVIDING AN IMMEDIATE 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 -- 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~~ nine ~~SIX~~ professional staff positions. The chief investment officer, executive director, and ~~six~~ nine ~~SIX~~ professional staff serve at the pleasure of the board.

(3) The board is composed of ~~nine~~ up to five voting ~~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) the executive director of the public employees' retirement board, who is an ex officio nonvoting member;~~

~~_____ (c) the executive director of the teachers' retirement board, who is an ex officio nonvoting member;~~

~~_____ (b)(d) seven up to three members with market investment experience and education that includes either a master's degree in business administration, a designation as a certified financial analyst, or both 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 representative of:~~

- ~~_____ (i) the financial community;~~
- ~~_____ (ii) small business;~~
- ~~_____ (iii) agriculture; and~~
- ~~_____ (iv) labor.~~

(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;
- (III) AGRICULTURE; AND
- (IV) LABOR; AND

(C) TWO EX OFFICIO NONVOTING LEGISLATIVE LIAISONS TO THE BOARD, OF WHICH ONE MUST BE A SENATOR APPOINTED BY THE PRESIDENT OF THE SENATE AND ONE MUST BE A REPRESENTATIVE APPOINTED BY THE SPEAKER OF THE HOUSE. THE LIAISONS MAY NOT BE FROM THE SAME POLITICAL PARTY. PREFERENCE IN APPOINTMENTS IS TO BE GIVEN TO LEGISLATORS WHO HAVE A BACKGROUND IN INVESTMENTS OR FINANCE. THE LEGISLATIVE LIAISONS SHALL SERVE FROM APPOINTMENT THROUGH EACH EVEN-NUMBERED CALENDAR YEAR AND MAY ATTEND ALL BOARD MEETINGS. LEGISLATIVE LIAISONS APPOINTED PURSUANT TO THIS SUBSECTION (3)(C) ARE ENTITLED TO COMPENSATION AND EXPENSES, AS PROVIDED IN 5-2-302, TO BE PAID BY THE LEGISLATIVE COUNCIL.

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

- ~~_____ (5) The board shall:~~
- ~~_____ (a) meet at least six times a year, not including meetings conducted by telephone conference; and~~
- ~~_____ (b) form a permanent asset allocation subcommittee, which shall meet a least six times a year, not including meetings conducted by telephone conference, to review how board staff are providing for the management of funds under the board's supervision and to receive updates on the asset allocation strategy, market trends, investment performance, and market projections affecting the funds under the board's supervision."~~

~~_____ **Section 2.** Section 2-18-103, MCA, is amended to read:~~

~~_____ **"2-18-103. Officers and employees excepted.** Parts 1 through 3 and 10 do not apply to the following~~

officers and employees in state government:

- (1) elected officials;
- (2) county assessors and their chief deputies;
- (3) employees of the office of consumer counsel;
- (4) judges and employees of the judicial branch;
- (5) members of boards and commissions appointed by the governor, the legislature, or other elected state officials;
- (6) officers or members of the militia;
- (7) agency heads appointed by the governor;
- (8) academic and professional administrative personnel with individual contracts under the authority of the board of regents of higher education;
- (9) academic and professional administrative personnel and live-in houseparents who have entered into individual contracts with the state school for the deaf and blind under the authority of the state board of public education;
- (10) investment officer, assistant investment officer, executive director, and five nine professional staff positions of the board of investments;
- (11) four professional staff positions under the board of oil and gas conservation;
- (12) assistant director for security of the Montana state lottery;
- (13) executive director and employees of the state compensation insurance fund;
- (14) state racing stewards employed by the executive secretary of the Montana board of horseracing;
- (15) executive director of the Montana wheat and barley committee;
- (16) commissioner of banking and financial institutions;
- (17) training coordinator for county attorneys;
- (18) employees of an entity of the legislative branch consolidated, as provided in 5-2-504;
- (19) chief information officer in the department of administration;
- (20) chief business development officer and six professional staff positions in the office of economic development provided for in 2-15-218;
- (21) chief public defender appointed by the public defender commission pursuant to the Montana Public Defender Act, Title 47, chapter 1, and the employees in the positions listed in 47-1-201(3)(a), who are appointed by the chief public defender."

NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

~~NEW SECTION. **Section 4. Applicability and transition.** (1) [This act] applies to appointments made and meetings conducted after [the effective date of this act].~~

~~(2) To transition from nine voting members on the board of investments to up to five voting members:~~

~~(a) when the terms for five current members expire on January 1, 2009, the governor shall make up to three appointments for 4-year terms;~~

~~(b) when the terms for four current members expire on January 1, 2011, the governor shall make up to two appointments for 4-year terms:~~

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