

March 19, 2009

S 703. STATE TREASURER INVESTMENTS. Filed 3/19/09. *CONCERNING INVESTMENTS OF THE STATE TREASURER.*

Amends GS 147-69.2(b) as follows: (1) to amend subsection (4) to permit the State Treasurer to invest in obligations of any company, other organization or legal entity incorporated or otherwise created or located within or outside the United States, including obligations that are convertible into equity securities, as long as either (a) the obligations bear one of the four highest ratings of at least one nationally recognized rating service and do not bear a rating below the four highest by any nationally recognized rating service (this is the only option permitted under the current statute) or (b) if the obligations are additional securities identical to obligations acquired as set forth above, the obligations bear the fifth highest rating or at least one nationally recognized rating service and do not bear a rating below the fifth highest rating by any nationally recognized rating service; (2) to amend subsection (6) to permit the State Treasurer to invest in asset-backed securities under the same requirements (the securities bear one of the four highest ratings or, if additional securities identical to securities previously acquired, the securities bear one of the fifth highest ratings); (3) to add a new subsection (6a) to require the State Treasurer to select investments of the assets of the Retirement Systems listed in GS 147-69.2(a) such that investments made pursuant to subdivisions (b)(1) through (b)(6) at all times equal or exceed 20% of the market value of all invested assets of the Retirement Systems; (4) to add a new subsection (6b) to permit investments made under subdivisions (b)(1) through (b)(6) to be made directly by the State Treasurer or through contractual arrangements in which the investment manager has full and complete discretion and authority to invest assets specified in such arrangements; (5) to add a new subsection (6c) which permits assets referred to in subsection (b)(8) to be invested in obligations and debt securities that do not meet the requirements of subsections (b)(1) through (b)(6), provided such investments are made through certain specified entities or investment vehicles that invest primarily in investments authorized in subdivision (6c) and through contractual arrangements in which the investment manager has full and complete discretion and authority to invest assets specified in such arrangements; (6) to amend subsection (8) to permit assets in specified retirement systems to be invested in equity securities traded on a public securities exchange or market organized and regulated pursuant to the laws of the jurisdiction of such exchange or market (current law permits investment only in preferred or common stock), and permits investment of these assets through certain specified entities by an investment manager (eliminating a 5% cap on such assets that could be invested in the stocks or shares of a diversified investment company); (7) to further amend subsection (8) to permit the State Treasurer to invest directly assets authorized under subsection (8) in any equity securities represented in the S&P 500 Index (eliminating other limitations found in the current statute); and (8) to add a new subsection (9a) permitting investment of specified assets defined in subdivision (b)(8) in additional types of investments that are required for the primary purpose of providing protection against risks associated with inflation if specified conditions are met. Makes conforming changes.

Amends GS 147-69.2(b2) and (b3) to permit the State Treasurer to use fees assessed under these sections to defray the cost of administering investments. Makes conforming and technical changes.

Intro. by Rand.

GS 147

April 28, 2009

S 703. STATE TREASURER INVESTMENTS. Filed 3/19/09. Senate amendment makes the following changes to 1st edition. Makes technical changes only.

May 21, 2009

S 703. STATE TREASURER INVESTMENTS. Filed 3/19/09. House committee substitute makes the following changes to 2nd edition. Deletes from proposed amended GS 147-69.2(b) that the State Treasurer is also authorized to invest in obligations of any company, other organization or legal entity, including obligations that are convertible into equity securities, or asset-backed securities (whether considered debt or equity) if the obligation or security, when acquired, bears

the fifth highest rating of at least one nationally recognized rating service and does not bear a lower rating by any nationally recognized rating service which rates the particular security, provided that the obligations or securities are additional securities that are identical to those previously acquired pursuant to sub clause (i). Instead, authorizes investment in obligations of any company, other organization or legal entity, including obligations that are converted into equity securities, or asset-backed securities (whether considered debt or equity), if the obligation or security, when acquired, bears one of the four highest ratings of at least one nationally recognized rating service (was, also prohibited the obligation or security from bearing a rating below the four highest by any nationally recognized rating service which rates the particular security).

Makes other technical and clarifying changes.

June 15, 2009

SL 2009-98 (S 703). STATE TREASURER INVESTMENTS. AN ACT CONCERNING INVESTMENTS OF THE STATE TREASURER. Summarized in *Daily Bulletin* 3/19/09, 4/28/09, and 5/21/09. Enacted June 11, 2009. Effective June 11, 2009.