

2020 Regular Session

SENATE BILL NO. 223

BY SENATOR PEACOCK

TREASURY DEPARTMENT. Provides for investment authority of the Treasurer for the Millennium Trust, the Rockefeller Wildlife Refuge Trust and Protection Fund, and the Russell Sage or Marsh Island Trust Fund. (7/1/20)

1 AN ACT
2 To amend and reenact R.S. 39:98.2(A), R.S. 56:797(C), and 798(B)(1), relative to the
3 investments the Treasury Department is authorized to invest the monies in the
4 Millennium Trust, the Rockefeller Wildlife Refuge Trust and Protection Fund, and
5 the Russell Sage or Marsh Island Refuge Fund; to provide for an effective date; and
6 to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 39:98.2(A) is hereby amended and reenacted to read as follows:

9 §98.2. Investment of Millennium Trust

10 A. The treasurer is authorized and directed to invest monies in the
11 Millennium Trust which are available for investment in the **investments permitted**
12 **for the Louisiana Education Quality Trust Fund, also known as the Kevin P.**
13 **Reilly Sr., Louisiana Education Quality Trust Fund, as set forth in R.S.**
14 **17:3803(B), (D), and (E).** following ~~investments:~~

15 ~~(1) Time certificates of deposit of state banks organized under the laws of~~
16 ~~Louisiana, national banks having their principal offices in the state of Louisiana,~~
17 ~~savings accounts or shares of savings and loan associations and savings banks, as~~

1 ~~defined by R.S. 6:703, or share accounts and share certificate accounts of federally~~
2 ~~or state-chartered credit unions. The funds so invested shall not exceed at any time~~
3 ~~the amount insured by the Federal Savings and Loan Insurance Corporation in any~~
4 ~~one savings and loan association and shall not exceed at any time the amount insured~~
5 ~~by the National Credit Union Administration, or other deposit insurance corporation,~~
6 ~~in any one credit union, unless the uninsured portion is collateralized by the pledge~~
7 ~~of securities in the manner provided by R.S. 49:321.~~

8 ~~(2) Direct obligations of a United States government agency, United States~~
9 ~~government instrumentality, or United States government-sponsored enterprise, the~~
10 ~~timely payment of the principal and interest of which is fully and explicitly~~
11 ~~guaranteed by the full faith and credit of the government of the United States of~~
12 ~~America, and contained in a list promulgated by the state treasurer.~~

13 ~~(3) Direct obligations of a United States government agency, United States~~
14 ~~government instrumentality, or United States government-sponsored enterprise, the~~
15 ~~timely payment of principal and interest of which is fully guaranteed by issuing~~
16 ~~entity, but are not explicitly guaranteed by the full faith and credit of the government~~
17 ~~of the United States, and contained in a list promulgated by the state treasurer.~~

18 ~~(4) Stocks of any corporation listed on the New York Stock Exchange, the~~
19 ~~American Stock Exchange, the National Association of Securities Dealers~~
20 ~~Automated Quotations System, or other such stock exchange domiciled in the United~~
21 ~~States and registered with the United States Securities and Exchange Commission,~~
22 ~~provided that the total investment in such stocks at any one time shall not exceed~~
23 ~~thirty-five percent of the market value of all funds held by the treasurer in the~~
24 ~~Millennium Trust. However, the portion of monies in the Millennium Trust which~~
25 ~~may be invested in stock may be increased to no more than fifty percent by a specific~~
26 ~~legislative instrument which receives a favorable vote of two-thirds of the elected~~
27 ~~members of each house of the legislature.~~

28 ~~(5)(a) Investment grade commercial paper issued in the United States, traded~~
29 ~~in the United States markets, denominated in United States dollars, with a short-term~~

1 ~~rating of at least A-1 by Standard & Poor's Financial Services LLC or P-1 by~~
2 ~~Moody's Investor Service, Inc. or the equivalent rating by a Nationally Recognized~~
3 ~~Statistical Rating Organization (NRSRO).~~

4 ~~(b) Investment grade corporate notes and bonds issued in the United States,~~
5 ~~traded in United States markets, denominated in United States dollars, rated Baa or~~
6 ~~better by Moody's Investor Service, Inc. or BBB or better by Standard & Poor's~~
7 ~~Financial Services LLC, and the trades of which are settled through The Depository~~
8 ~~Trust & Clearing Corporation (DTCC), a national clearinghouse in the United States~~
9 ~~for the settlement of securities trades.~~

10 ~~(6) Money market funds consisting solely of securities otherwise eligible for~~
11 ~~investment by the treasurer pursuant to this Subsection.~~

12 ~~(7) Open end mutual funds, closed end mutual funds, and unit investment~~
13 ~~trusts consisting solely of securities otherwise eligible for investment by the state~~
14 ~~treasurer.~~

15 ~~(8) Tax exempt bonds, as defined in R.S. 49:342(C), and other taxable~~
16 ~~governmental bonds and in taxable bonds issued by any state or a political~~
17 ~~subdivision or public corporation of any state, provided that such taxable bonds are~~
18 ~~rated at the time the investment is made by a nationally recognized rating agency in~~
19 ~~one of the three highest rating categories of that rating agency.~~

20 ~~(9) Any investment managers hired on a contract basis to advise the treasurer~~
21 ~~regarding such investments shall be selected by the treasurer, subject to the approval~~
22 ~~of the State Bond Commission, in accordance with a request for proposal process~~
23 ~~using strict selection criteria based on sound industry principles. The contract, as~~
24 ~~approved by the State Bond Commission, shall be on a fee, together with minimum~~
25 ~~exchange fee, basis or on a commission basis only. The state treasurer shall adopt~~
26 ~~and promulgate rules and regulations for such investments and for the selection of~~
27 ~~outside investment managers.~~

28 * * *

29 Section 2. R.S. 56:797(C) and 798(B)(1) are hereby amended and reenacted to read

1 as follows:

2 §797. Rockefeller Foundation Wildlife Refuge and Game Preserve; revenues;
3 allocation

4 * * *

5 C. The state treasurer shall invest the principal and the undistributed return
6 on the principal deposited in the said Rockefeller Wildlife Refuge Trust and
7 Protection Fund for the purpose of achieving perpetual financing of said fund. Such
8 investments may include, among others authorized by law, ~~the following:~~
9 **investments permitted for the Louisiana Education Quality Trust Fund, also**
10 **known as the Kevin P. Reilly Sr., Louisiana Education Quality Trust Fund, as**
11 **set forth in R.S. 17:3803(B), (D), and (E).**

12 ~~(1) Equity investments in stocks, common and preferred, or corporations~~
13 ~~listed on the New York Stock Exchange, the American Stock Exchange, or quoted~~
14 ~~on the National Association of Securities Dealers Automated Quotations System;~~
15 ~~provided that the total investment in such securities at any one time shall not exceed~~
16 ~~thirty-five percent of the market value of all funds held by the fund. The treasurer~~
17 ~~may hire, on a contract basis, investment managers or consultants as deemed~~
18 ~~appropriate to provide for the equity investments of the fund. Such contracts shall~~
19 ~~be on a fee, together with minimum exchange fee, basis or on a commission basis~~
20 ~~only, with payment for such fees being appropriated from the fund.~~

21 ~~(2) Direct general obligations of, or obligations on which the timely payment~~
22 ~~of the principal and interest is unconditionally guaranteed by the United States of~~
23 ~~America.~~

24 ~~(3) Bonds, debentures, notes, or other evidences of indebtedness issued by~~
25 ~~any of the following agencies of the United States government: Government~~
26 ~~National Mortgage Association; Rural Development Administration; Export-Import~~
27 ~~Bank of the United States; Federal National Mortgage Association; Federal Home~~
28 ~~Loan Mortgage Corporation; Federal Home Loan Bank; and Student Loan Marketing~~
29 ~~Association.~~

Quotations System, or other such stock exchange domiciled in the U.S. and registered with the U.S. Securities and Exchange Commission, provided that the total investment in such stocks at any one time shall not exceed 35% of the market value of all funds held by the treasurer in the Millennium Trust; however, the portion of monies in the Millennium Trust which may be invested in stock may be increased to no more than 50% by a specific legislative instrument which receives a favorable vote of 2/3's of the elected members of each house of the legislature.

- (5) (a) Investment grade commercial paper issued in the U.S., traded in the U.S. States markets, denominated in U.S. dollars, with a short-term rating of at least A-1 by Standard & Poor's Financial Services LLC or P-1 by Moody's Investor Service, Inc. or the equivalent rating by a Nationally Recognized Statistical Rating Organization (NRSRO).
- (b) Investment grade corporate notes and bonds issued in the U.S., traded in U.S. markets, denominated in U.S. dollars, rated Baa or better by Moody's Investor Service, Inc. or BBB or better by Standard & Poor's Financial Services LLC, and the trades of which are settled through The Depository Trust & Clearing Corporation (DTCC), a national clearinghouse in the United States for the settlement of securities trades.
- (6) Money market funds consisting solely of securities otherwise eligible for investment by present law.
- (7) Open end mutual funds, closed end mutual funds, and unit investment trusts consisting solely of securities otherwise eligible for investment by the state treasurer.
- (8) Tax exempt bonds and other taxable governmental bonds and in taxable bonds issued by any state or a political subdivision or public corporation of any state, provided that such taxable bonds are rated at the time the investment is made by a nationally recognized rating agency in one of the three highest rating categories of that rating agency.

Proposed law revises present law ~~from~~ listing the authorized investments for monies in the Millennium Trust to authorizing the monies in the Millennium Trust to be invested in the same investments permitted for the LEQTF as provided in present law.

Present law provides for the investment of funds in the Rockefeller Wildlife Refuge Trust and Protection Fund (Rockefeller Fund) and the Russell Sage or Marsh Island Refuge Fund (Russell Sage Fund), as follows:

- (1) Equity investments in stocks, common and preferred, or corporations listed on the New York Stock Exchange, the American Stock Exchange, or quoted on the National Association of Securities Dealers Automated Quotations System, provided that the total investment in such securities at any one time shall not exceed 35% of the market value of all funds held by the fund.
- (2) Direct general obligations unconditionally guaranteed by the U.S.A.
- (3) Bonds, debentures, notes, or other evidences of indebtedness issued by certain agencies of the U.S. government.

Proposed law revises present law ~~from~~ listing the authorized investments for monies in the Rockefeller Fund and the Russell Sage Fund to authorizing the monies in the Rockefeller Fund and the Russell Sage Fund to be invested in the same investments permitted for the LEQTF as provided in present law.

Present law provides that for both the Rockefeller Fund and the Russell Sage Fund, the

treasurer may hire, on a contract basis, investment managers or consultants to provide for the equity investments of the Rockefeller Fund. Such contracts shall be on a fee, together with minimum exchange fee, basis or on a commission basis only, with payment for such fees being appropriated from the fund.

Present law regarding investments of the LEQTF provides that any investment managers hired on a contract basis to advise the treasurer regarding such investments shall be selected by the treasurer, subject to the approval of the State Bond Commission, in accordance with a request for proposal process using strict selection criteria based on sound industry principles. The contract, as approved by the State Bond Commission, shall be on a fee, together with minimum exchange fee, basis or on a commission basis only. The state treasurer shall adopt and promulgate rules and regulations for such investments and for the selection of outside investment managers. Proposed law retains present law.

Present law, regarding the hiring of investment managers for the Millennium Trust is the same as present law concerning the hiring of investment managers for the Millennium Trust.

Effective July 1, 2020.

(Amends R.S. 39:98.2(A), R.S. 56:797(C), and 798(B)(1))