

1 ENGROSSED SENATE
2 BILL NO. 907

By: Coffee of the Senate

and

Benge of the House

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6 [public finance - Economic Development Generating

7 Excellence Trust Fund -

8 effective date]
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11 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

12 SECTION 1. AMENDATORY Section 1, Chapter 85, 2nd
13 Extraordinary Session, O.S.L. 2006, as amended by Section 1, Chapter
14 350, O.S.L. 2007 (62 O.S. Supp. 2008, Section 47), is amended to
15 read as follows:

16 Section 47. A. There is hereby created a trust fund for
17 Economic Development Generating Excellence to be known as the "EDGE
18 Fund". The trust fund principal shall consist of all funds
19 appropriated, transferred, donated or otherwise directed to the fund
20 by law.

21 B. There is hereby created the Board of Investors of the EDGE
22 Fund. The Board of Investors of the EDGE Fund shall:

23 1. Manage the assets of the EDGE Fund;
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1 2. Invest monies in the manner in which a prudent person would
2 invest it and in accordance with laws applicable to the investment
3 of monies in state retirement funds;

4 3. Certify the amount of funds available for expenditure each
5 year from the EDGE Fund. The amount of funds ~~available~~ that may be
6 certified for expenditure shall be limited to not more than five
7 percent (5%) of the assets of the EDGE Fund. Any amount certified
8 for expenditure and not expended in a given fiscal year shall remain
9 in the EDGE Fund and may be carried over and expended in a future
10 fiscal year;

11 4. Retain qualified investment managers to provide for the
12 investment of the monies of the EDGE Fund. The investment managers
13 shall be chosen by a solicitation of proposals on a competitive
14 basis pursuant to standards set by the Board of Investors. The
15 investment managers shall manage those monies of the EDGE Fund
16 allocated to the investment managers in compliance with the overall
17 investment guidelines set by the Board of Investors. The monies of
18 the EDGE Fund allocated to the investment managers shall be managed
19 by the investment managers in accordance with the investment
20 guidelines and other directions of the Board of Investors. The
21 investment managers may sell investments and realize losses if such
22 action is considered advantageous to longer-term return
23 maximization. Because of the total return objective, no distinction
24 shall be made for management and performance evaluation purposes

1 between realized and unrealized capital gains and losses. The Board
2 of Investors may have the State Treasurer manage those monies not
3 specifically allocated to the investment managers;

4 5. Select a custodial bank to settle transactions involving the
5 investment of funds in the EDGE Fund and to hold custody of the
6 securities in the EDGE Fund portfolio. The custodian shall be a
7 bank or trust company offering pension fund master trustee and
8 master custodial services. The custodian shall be chosen by a
9 solicitation of proposals on a competitive basis pursuant to
10 standards set by the Board of Investors. The Board of Investors may
11 also select professional investment consultants, auditors, and
12 actuaries to assist the Board of Investors in carrying out its
13 fiduciary responsibilities. All these professionals shall be
14 selected by a solicitation of proposals on a competitive basis
15 pursuant to standards set by the Board of Investors; and

16 6. Choose the professional custodians and managers of the
17 assets of the EDGE Fund, shall establish investment and fund
18 management guidelines, and shall adopt an investment policy. The
19 selection and engagement of investment managers, investment
20 consultants, auditors, and actuaries, and a custodian bank shall be
21 exempt from the provisions of the Oklahoma Central Purchasing Act.

22 C. The Board of Investors of the EDGE Fund shall be composed of
23 five (5) members as follows:

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- 1 1. The State Treasurer, or a designee, who shall serve as
- 2 chair;
- 3 2. An appointee of the Governor;
- 4 3. An appointee of the State Auditor and Inspector;
- 5 4. An appointee of the Speaker of the House of Representatives;
- 6 and
- 7 5. An appointee of the President Pro Tempore of the Senate.

8 Each appointed member of the Board of Investors of the EDGE Fund
9 shall have demonstrated experience in public or private investment
10 fund management.

11 D. The initially appointed members shall serve staggered terms
12 as follows:

13 1. The term of the appointee of the Governor shall expire on
14 June 30, 2007;

15 2. The term of the appointee of the State Auditor and Inspector
16 shall expire on June 30, 2008;

17 3. The term of the appointee of the Speaker of the House of
18 Representatives shall end on June 30, 2009; and

19 4. The term of the appointee of the President Pro Tempore of
20 the Senate shall expire on June 30, 2010.

21 Thereafter, successors shall be appointed for terms of four (4)
22 years. An appointee may be removed for cause.

23 E. The members of the Board of Investors of the EDGE Fund shall
24 discharge their duties as trustees of the EDGE Fund:

1 1. With the care, skill, prudence, and diligence, under the
2 circumstances then prevailing, that a prudent person acting in a
3 like capacity and familiar with such matters would use in the
4 conduct of an enterprise of a like character and with like aims;

5 2. By diversifying the investments in the trust fund so as to
6 minimize the risk of large losses, unless, under the circumstances,
7 it is clearly prudent not to do so; and

8 3. In accordance with the laws, documents, and instruments
9 governing the trust fund.

10 F. Members of the Board of Investors of the EDGE Fund shall
11 receive no salary for serving on the Board of Investors of the EDGE
12 Fund. All members shall receive necessary travel expenses for the
13 performance of their duties from the Office of the Governor in
14 accordance with the provisions of the State Travel Reimbursement
15 Act.

16 G. The Board of Investors of the EDGE Fund shall annually elect
17 a vice-chair, who shall preside over meetings in the absence of the
18 chair, and any other officers, provided that no member shall be
19 elected vice-chair for more than two (2) consecutive years. The
20 Board of Investors of the EDGE Fund shall meet at least quarterly.
21 A majority of the members of the Board of Investors of the EDGE Fund
22 shall constitute a quorum to transact business, but no vacancy shall
23 impair the right of the remaining members to exercise all of the
24 powers of the Board of Investors of the EDGE Fund.

1 H. The Board of Investors of the EDGE Fund shall be subject to
2 the Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the
3 Administrative Procedures Act.

4 I. Staffing for the Board of Investors of the EDGE Fund shall
5 be provided by the Office of the State Treasurer. The cost of up to
6 two full-time-equivalent employees for the Office of the State
7 Treasurer may be considered an administrative expense of the EDGE
8 Fund; provided, such cost shall be determined by the EDGE Fund
9 Policy Board, created pursuant to Section 52 of this title.

10 J. The Board of Investors of the EDGE Fund shall submit a
11 report of the EDGE Fund's investments and asset value annually to
12 the Governor and the State Treasurer.

13 SECTION 2. This act shall become effective November 1, 2009.

14 Passed the Senate the 9th day of March, 2009.

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Presiding Officer of the Senate

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18 Passed the House of Representatives the ____ day of _____,

19 2009.

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Presiding Officer of the House
of Representatives

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