

1 ENGROSSED HOUSE
2 BILL NO. 2765

By: Caldwell (Trey) and Kane of
the House

3 and

4 Hall and Haste of the
5 Senate

6
7 An Act relating to State investing; amending 62 O.S.
8 2021, Sections 2401, as amended by Section 2, Chapter
9 375, O.S.L. 2024, 2402, and 2403, as amended by
10 Section 3, Chapter 375, O.S.L. 2024 (62 O.S. Supp.
11 2024, Sections 2401, 2402, and 2403), which relate to
12 the Invest in Oklahoma Program; reassigning the
13 program from the Oklahoma Center for the Advancement
14 of Science and Technology to the State Treasurer;
15 authorizing certain types of investments within
16 limitation; eliminating redundant language; providing
17 new and modifying existing requirements and
18 limitations associated with the Invest in Oklahoma
19 Program; authorizing approval, consent, process
20 development duties, and oversight responsibilities to
21 certain Board; requiring and limiting certain actions
22 of the State Treasurer; authorizing the investment of
23 certain funds at certain levels; defining and
24 limiting certain term; authorizing and limiting the
promulgation and establishment of rules; amending 62
O.S. 2021, Section 71.1, which relates to the Cash
Management and Investment Oversight Commission;
renaming the Cash Management and Investment Oversight
Commission the Invest in Oklahoma Board;
restructuring Board membership; clarifying language;
establishing specific authority and providing for the
administration of the Board; modifying meeting
frequency requirements; eliminating and modifying
certain reporting requirements; establishing certain
confirmation and approval authority and requirement;
amending 62 O.S. 2021, Section 89.2, which relates to
State Treasurer investments; modifying reporting
requirements; authorizing certain investment at
certain level; referencing defined term; authorizing
certain actions related to custodial accounts; and
providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 62 O.S. 2021, Section 2401, as amended by Section 2, Chapter 375, O.S.L. 2024 (62 O.S. Supp. 2024, Section 2401), is amended to read as follows:

Section 2401. A. ~~The Oklahoma Center for the Advancement of Science and Technology (OCAST)~~ State Treasurer shall create an "Invest In Oklahoma" program to provide entities in this state with funds for opportunities to invest in Oklahoma-based private equity funds, venture capital funds ~~and,~~ growth funds. ~~Opportunities for investment shall also include private equity funds, venture capital funds and growth funds that make substantial investments in this state, and direct investments in Oklahoma companies to the extent allowable under the Oklahoma Constitution.~~

B. ~~OCAST shall select venture capital and growth funds to qualify for investments within the Invest In Oklahoma Program~~ Subject to final approval of the Invest in Oklahoma Board, the State Treasurer may retain directly or through a contractual relationship qualified investment advisors and fiduciary managers to assist in the selection of the investments authorized under this act. Prior to submission for confirmation and approval, the State Treasurer's Office shall confirm with the Securities and Exchange Commission and Oklahoma Securities Commission that the investment advisor or

1 fiduciary manager is in good standing. The Treasurer shall choose
2 an advisor or manager, based on factors including but not limited
3 to:

- 4 1. Rate of return;
- 5 2. Years of operation;
- 6 3. Sufficiency of capitalization;
- 7 4. Investment performance track record;
- 8 5. Differentiation and sustainability of investment strategy;
- 9 6. Fee structure;
- 10 7. Background of limited partners; ~~and~~
- 11 8. Ratio of capital invested in this state;
- 12 9. Investment professional with ten (10) or more years of

13 experience in venture capital, private equity and real estate
14 investing; and

15 10. Investment professional has experience with Oklahoma
16 investing.

17 C. ~~OCAST~~ The State Treasurer acting within parameters
18 established by the Invest in Oklahoma Board shall ~~exercise~~
19 ~~judgement:~~

20 1. Exercise judgment and care, under circumstances then
21 prevailing, which persons of prudence, discretion and intelligence
22 exercise in the management of their own affairs, for investment,
23 considering the probable safety of their capital as well as the
24 probable income to be derived when determining qualifying venture

1 capital and growth funds to ensure the funds are being appropriately
2 managed and invested.

3 ~~D. OCAST shall develop a request for proposal that includes the~~
4 ~~factors provided in subsection B of this section. OCAST shall~~
5 ~~maintain a list of available venture capital and growth funds which~~
6 ~~are participating in the Invest In Oklahoma Program in which public~~
7 ~~entities are encouraged to invest; and~~

8 2. Develop processes and procedures for requesting, accepting,
9 and decision criteria for proposals related to investments
10 authorized under the provisions of this act.

11 SECTION 2. AMENDATORY 62 O.S. 2021, Section 2402, is
12 amended to read as follows:

13 Section 2402. The following public entities are encouraged to
14 and may invest up to five percent (5%) of their rolling three (3)
15 year assets under management with the Invest In Oklahoma Program
16 approved venture capital and growth funds as provided in Section 2
17 of this act:

18 1. The Board of Investors of the Tobacco Settlement Endowment
19 Trust Fund;

20 2. The Commissioners of the Land Office;

21 3. The Teachers' Retirement System of Oklahoma;

22 4. The Oklahoma Public Employees Retirement System;

23 5. The Oklahoma Firefighters Pension and Retirement System;

24 6. The Oklahoma Police Pension and Retirement System;

1 7. The Oklahoma Law Enforcement Retirement System;

2 8. The ~~State of Oklahoma~~ Uniform Retirement System for Justices
3 and Judges; and

4 9. The Department of Wildlife Conservation Retirement Fund.

5 B. The State Treasurer, acting within parameters established by
6 the Invest in Oklahoma Board is authorized to and may place cash
7 balance amounts in service with the Invest In Oklahoma program. For
8 purposes of this subsection, the term "cash balance amounts" shall
9 not include any monies deposited in or directed for deposit to:

10 1. The General Revenue Fund;

11 2. The Revenue Stabilization Fund;

12 3. The Education Reform Revolving Fund;

13 4. The Rate Preservation Fund;

14 5. Any Fund created under the Oklahoma Constitution;

15 6. Any fund from which the Legislature through law has
16 authorized, appropriated, or transferred monies within the preceding
17 three (3) fiscal years; or

18 7. Any revolving fund in the State Treasury specified for
19 direct appropriation or authorization from the Legislature, or any
20 revolving fund assigned to a state agency, unless such state agency
21 specifically authorizes such investments from such fund and such
22 authorization was approved by Invest in Oklahoma Board.

1 SECTION 3. AMENDATORY 62 O.S. 2021, Section 2403, as
2 amended by Section 3, Chapter 375, O.S.L. 2024 (62 O.S. Supp. 2024,
3 Section 2403), is amended to read as follows:

4 Section 2403. ~~The Oklahoma Center for the Advancement of~~
5 ~~Science and Technology shall~~ State Treasurer may promulgate rules
6 and establish processes and procedures as needed to ~~enforce~~
7 implement and administer the provisions of the Invest In Oklahoma
8 Act, provided such rules, processes, and procedures do not conflict
9 with or contradict directives or limitations established by Invest
10 in Oklahoma Board.

11 SECTION 4. AMENDATORY 62 O.S. 2021, Section 71.1, is
12 amended to read as follows:

13 Section 71.1. A. There is hereby created the ~~Cash Management~~
14 ~~and Investment Oversight Commission~~ Invest in Oklahoma Board. The
15 ~~Commission Board~~ shall consist of five (5) members as follows:

16 1. ~~The Director of the Office of Management and Enterprise~~
17 ~~Services~~ Governor, or designee;

18 2. ~~The Bank Commissioner~~ Lieutenant Governor, or designee;

19 3. ~~The Administrator of the Oklahoma Department of Securities~~
20 State Treasurer, or designee;

21 4. ~~One citizen member appointed by the Speaker of the House of~~
22 ~~Representatives who shall have a demonstrated expertise in public or~~
23 ~~private investment finance and~~ An appointee of the Speaker of the
24

1 House of Representatives who shall serve at the Speaker's pleasure;
2 and

3 5. ~~One citizen member appointed by the President Pro Tempore of~~
4 ~~the State Senate who shall be a certified public accountant or~~
5 ~~public accountant with a demonstrated expertise in public or private~~
6 ~~auditing procedures and~~ An appointee of the President Pro Tempore of
7 the State Senate who shall serve at the President Pro Tempore's
8 pleasure.

9 B. The appointed and designated members shall have no direct or
10 indirect business relationship with the State Treasurer or the State
11 Treasurer's Office.

12 C. The ~~Commission~~ Governor or Governor's designee shall ~~elect~~
13 ~~from its membership a~~ serve as chairperson and vice-chairperson.
14 ~~Such officers shall serve one-year terms and may be reelected.~~
15 ~~There shall be an Executive Review Committee of the Cash Management~~
16 ~~and Investment Oversight Commission consisting of the Director of~~
17 ~~the Office of Management and Enterprise Services, the Bank~~
18 ~~Commissioner and the Administrator of the Oklahoma Department of~~
19 ~~Securities or their respective designees. The Director of the~~
20 ~~Office of Management and Enterprise Services shall call a meeting to~~
21 ~~organize the Executive Review Committee. The Executive Review~~
22 ~~Committee shall elect from its membership a chairperson who shall~~
23 ~~serve for a period of one (1) year and who may be reelected. The~~

24

1 ~~Executive Review Committee shall meet at such times as it deems~~
2 ~~necessary for the performance of its duties.~~

3 D. The ~~Commission~~ Board shall hold regular meetings ~~at least~~
4 ~~once each~~ not less than one per quarter, and at such other times as
5 it deems necessary for the performance of its duties. The date,
6 time and place of the meetings shall be set by the ~~Commission~~
7 chairperson. The ~~Office of Management and Enterprise Services~~ State
8 Treasurer shall provide the administrative support required by the
9 ~~Commission~~ Board. The ~~Commission~~ Board shall be staffed by ~~the~~
10 ~~Office of Management and Enterprise Services~~ efforts under the
11 control of the State Treasurer who shall prepare all materials and
12 information needed by the ~~Commission~~ Board to perform its duties and
13 responsibilities. Meetings of the ~~Commission~~ and ~~of the Executive~~
14 ~~Review Committee of the Commission~~ Board shall be subject to the
15 Oklahoma Open Meeting Act, and their records shall be public records
16 pursuant to the Oklahoma Open Records Act.

17 E. The ~~Commission in conjunction with the State Auditor and~~
18 ~~Inspector~~ Board shall develop a standardized and uniform reporting
19 system which the State Treasurer shall use to make the reports
20 required by Section 89.7 of this title. The ~~Commission~~ Board shall
21 prescribe such forms in order to obtain an objective and accurate
22 analysis of the investment of state funds by the State Treasurer and
23 to obtain an accurate analysis of investment performance according
24 to an objective standard established by the ~~Commission~~ Board. The

1 ~~Commission~~ Board shall not be subject to the provisions of the
2 Administrative Procedures Act for purposes of developing the
3 reporting system required by this subsection. The ~~Commission~~ Board
4 shall review the reports prepared by the State Treasurer pursuant to
5 Section 89.7 of this title. The ~~Commission~~ Board shall review with
6 the State Treasurer investment strategies and practices and the
7 development of internal auditing procedures and practices. The
8 ~~Commission~~ Board shall review the reports submitted by the State
9 Treasurer and shall identify any event, transaction or trend which
10 the ~~Commission~~ Board determines to represent a violation or
11 potential violation of law or public policy regarding the investment
12 of state funds. The ~~Commission~~ Board shall specifically identify
13 its concerns or objections and shall communicate such concerns or
14 objections in writing to the State Treasurer.

15 F. The ~~Commission staff~~ State Treasurer shall ~~submit~~ maintain a
16 ~~written report available to each member of the Commission for each~~
17 ~~month of the calendar year~~ Board which specifically identifies
18 entities with whom or with which the State Treasurer has transacted
19 business related to investment of any state funds ~~during the~~
20 ~~applicable reporting period~~. Any person or entity to whom or to
21 which any form of compensation has been or will be paid for services
22 rendered to the State Treasurer's Office related to the investment
23 of state funds shall be identified in ~~the~~ such report. ~~The~~ Such
24 report shall also be ~~submitted~~ available to the Director of the

1 Office of Management and Enterprise Services, the State Auditor and
2 Inspector, the Speaker of the House of Representatives, the
3 President Pro Tempore of the Senate and the Governor.

4 G. Members of the ~~Commission~~ Board shall serve without
5 compensation, except for travel, pursuant to the State Travel
6 Reimbursement Act, to be paid by the appointing authority.

7 ~~H. The Commission may make written recommendations for changes~~
8 ~~in legislation to the Legislature or in the policies or procedures~~
9 ~~and practices of the State Treasurer to the State Treasurer.~~

10 ~~I. The Commission Board shall determine the positions,~~
11 ~~including but not limited to the investment officer, in the State~~
12 ~~Treasurer's Office which shall require criminal background~~
13 ~~investigations by the Oklahoma State Bureau of Investigation. The~~
14 ~~Bureau shall advise the State Treasurer and the Cash Management and~~
15 ~~Investment Oversight Commission in writing of the results of the~~
16 ~~investigation~~ establish and adopt investment parameters related to
17 investments in Oklahoma-based private equity funds, venture capital
18 funds, growth funds, and direct investments in Oklahoma companies
19 authorized under the Invest in Oklahoma program; provided that by a
20 unanimous vote of the Board such parameters may be exceeded with
21 regard to investments to the extent allowable under the Oklahoma
22 Constitution.

23 I. The Board shall exercise confirmation and approval authority
24 over the appointment and contractual relationships of qualified

1 investment advisors and fiduciary managers engaged by the State
2 Treasurer to assist in the selection of the investments authorized
3 under the Invest in Oklahoma program.

4 SECTION 5. AMENDATORY 62 O.S. 2021, Section 89.2, is
5 amended to read as follows:

6 Section 89.2. A. The State Treasurer is directed to invest the
7 maximum amount of funds under control of the State Treasurer
8 consistent with good business practices. Except as otherwise
9 provided for by law, the investments shall earn not less than the
10 rate for comparable maturities on United States Treasury
11 obligations. Except as otherwise provided for by law, the State
12 Treasurer may purchase and invest only in:

13 1. Obligations of the United States Government, its agencies
14 and instrumentalities, or other obligations fully insured or
15 unconditionally guaranteed as to the payment of principal and
16 interest by the United States government or any of its agencies and
17 instrumentalities;

18 2. Collateralized or insured certificates of deposit and other
19 evidences of deposit at banks, savings banks, savings and loan
20 associations and credit unions located in this state;

21 3. Negotiable certificates of deposit issued by a nationally or
22 state-chartered bank, a savings bank, a savings and loan association
23 or a state-licensed branch of a foreign bank. Purchases of
24 negotiable certificates of deposit shall not exceed ten percent

1 (10%) of the cash available for investment which may be invested
2 pursuant to this section. Not more than one-half (1/2) of the ten
3 percent (10%) limit shall be invested in any one financial
4 institution specified in this paragraph;

5 4. Prime banker's acceptances which are eligible for purchase
6 by the Federal Reserve System and which do not exceed two hundred
7 seventy (270) days' maturity. Purchases of prime banker's
8 acceptances shall not exceed ten percent (10%) of the cash available
9 for investment which may be invested pursuant to this section. Not
10 more than three-fourths (3/4) of the ten percent (10%) limit shall
11 be invested in any one commercial bank pursuant to this paragraph;

12 5. Prime commercial paper which shall not have a maturity that
13 exceeds one hundred eighty (180) days nor represent more than ten
14 percent (10%) of the outstanding paper of an issuing corporation.
15 Purchases of prime commercial paper shall not exceed seven and one-
16 half percent (7 1/2%) of the cash available for investment which may
17 be invested pursuant to this section;

18 6. Investment grade obligations of state and local governments,
19 including obligations of Oklahoma state public trusts which possess
20 the highest rating from at least one nationally recognized rating
21 agency acceptable to the State Treasurer. Purchases of investment
22 grade obligations of state and local governments shall not exceed
23 ten percent (10%) of the cash available for investment which may be
24 invested pursuant to this section;

1 7. Repurchase agreements, provided that such agreements are
2 included within the written investment policy required by subsection
3 D of this section that have underlying collateral consisting of
4 those items and those restrictions specified in paragraphs 1 through
5 6 of this subsection;

6 8. Money market funds and short term bond funds regulated by
7 the Securities and Exchange Commission and which investments consist
8 of those items and those restrictions specified in paragraphs 1
9 through 7 of this subsection; and

10 9. Bonds, notes, debentures or other similar obligations of a
11 foreign government which the International Monetary Fund lists as an
12 industrialized country and for which the full faith and credit of
13 such nation has been pledged for the payment of principal and
14 interest; provided, that any such security shall be rated at least
15 A- or better by Standard & Poor's Corporation or A3 or better by
16 Moody's Investors Service, or an equivalent investment grade by a
17 securities ratings organization accepted by the National Association
18 of Insurance Commissioners; and provided further, that the total
19 investment in such foreign securities at any one time shall not
20 exceed five percent (5%) of the cash available for investment which
21 may be invested pursuant to this section. In no circumstance shall
22 investments be made in bonds, notes, debentures or any similar
23 obligations of a foreign government that:

1 a. is identified as a state sponsor of terrorism by the
2 United States Department of State, or

3 b. any authoritarian or totalitarian government the
4 sovereign powers of which are exercised through a
5 single person or group of persons who are not elected
6 by any form of legitimate popular voting.

7 B. Investments shall be made with judgment and care, under
8 circumstances then prevailing, which persons of prudence, discretion
9 and intelligence exercise in the management of their own affairs,
10 not for speculation, but for investment, considering the probable
11 safety of their capital as well as the probable income to be
12 derived.

13 C. The State Treasurer shall appoint an investment officer who
14 shall perform duties related to the investment of state funds in the
15 Office of the State Treasurer. The investment officer shall not
16 perform or supervise any accounting functions, data processing
17 functions or duties related to the documentation or settlement of
18 investment transactions.

19 D. Investments of public funds by the State Treasurer shall be
20 made in accordance with written policies developed by the State
21 Treasurer. The written investment policies shall address:

- 22 1. Liquidity;
23 2. Diversification;
24 3. Safety of principal;

1 4. Yield;

2 5. Maturity and quality; and

3 6. Capability of investment management.

4 The State Treasurer shall place primary emphasis on safety and
5 liquidity in the investment of public funds. To the extent
6 practicable taking into account the need to use sound investment
7 judgment, the written investment policies shall include provision
8 for utilization of a system of competitive bidding in the investment
9 of state funds. The written investment policies shall be designed
10 to maximize yield within each class of investment instrument,
11 consistent with the safety of the funds invested.

12 E. The Except as provided in subsection H of this section, the
13 State Treasurer shall select one custodial bank to settle
14 transactions involving the investment of state funds under the
15 control of the State Treasurer. The State Treasurer shall review
16 the performance of the custodial bank at least once every year. The
17 State Treasurer shall require a written competitive bid every five
18 (5) years. The custodial bank shall have a minimum of Five Hundred
19 Million Dollars (\$500,000,000.00) in assets to be eligible for
20 selection. Any out-of-state custodial bank shall have a service
21 agent in the State of Oklahoma so that service of summons or legal
22 notice may be had on such designated agent as is now or may
23 hereafter be provided by law. In order to be eligible for
24 selection, the custodial bank shall allow electronic access to all

1 transaction and portfolio reports maintained by the custodial bank
2 involving the investment of state funds under control of the State
3 Treasurer. The access shall be given to ~~both~~ the State Treasurer
4 ~~and to the Cash Management and Investment Oversight Commission~~. The
5 requirement for electronic access shall be incorporated into any
6 contract between the State Treasurer and the custodial bank.

7 Neither the State Treasurer nor the custodial bank shall permit any
8 of the funds under the control of the State Treasurer or any of the
9 documents, instruments, securities or other evidence of a right to
10 be paid money to be located in any place other than within a
11 jurisdiction or territory under the control or regulatory power of
12 the United States Government.

13 F. The investment policy shall specify the general philosophy,
14 policies and procedures to be followed in the investment of state
15 monies by the State Treasurer. The investment policy shall include,
16 but not be limited to, the following:

- 17 1. Policy objectives;
- 18 2. Performance measure objectives;
- 19 3. Authority for investment program;
- 20 4. Possible use of an investment advisory committee;
- 21 5. Reporting and documentation of investments;
- 22 6. Authorized investment instruments;
- 23 7. Diversification of investment risk;
- 24 8. Maturity limitations;

1 9. Selections of financial institutions;

2 10. Interest controls;

3 11. Safekeeping of investments;

4 12. Investment ethics; and

5 13. Formal adoption of policy.

6 ~~G. The State Treasurer shall provide weekly reports of all~~
7 ~~investments made by the State Treasurer if requested by the Cash~~
8 ~~Management and Investment Oversight Commission, and list any~~
9 ~~commissions, fees or payments made for services regarding such~~
10 ~~investments. The reports required by this subsection shall be~~
11 ~~delivered to the Commission within three (3) business days of the~~
12 ~~end of the applicable week~~ The State Treasurer may invest cash
13 balance amounts as defined and limited by Section 2402 of this title
14 in the Invest in Oklahoma program.

15 H. The State Treasurer is hereby authorized to establish
16 internal custodial accounts within the State Treasury, and enter
17 contractual relationships for custodial account services with
18 private institutions as needed, for the implementation and
19 administration of the Invest in Oklahoma program.

20 ~~H.~~ I. Not later than July 1 of each year, the State Treasurer
21 shall forward a copy of the written investment policy to the
22 Governor, the Speaker of the House of Representatives, the President
23 Pro Tempore of the Senate, the Attorney General, the Bank
24 Commissioner, and the Director of the Office of Management and

Enterprise Services. In addition, the State Treasurer shall maintain one copy of the investment policy in the office of the State Treasurer for public inspection during regular business hours. Copies of any modifications to the investment policy shall be forwarded to the Governor, Speaker of the House of Representatives, President Pro Tempore of the Senate, and each member of the Cash Management and Investment Oversight Commission.

SECTION 6. This act shall become effective November 1, 2025.

Passed the House of Representatives the 20th day of May, 2025.

Presiding Officer of the House
of Representatives

Passed the Senate the _____ day of _____, 2025.

Presiding Officer of the Senate