



1995 SENATE BILL 326

September 6, 1995 - Introduced by Senators ADELMAN, WINEKE, BURKE and CLAUSING, cosponsored by Representatives L. YOUNG, WIRCH, HASENOHRL, SPRINGER, R. YOUNG and MEYER. Referred to Committee on Education and Financial Institutions.

1 **AN ACT to amend** 25.16 (2), 25.18 (1) (n) and 165.25 (4) (a) of the statutes;
2 **relating to:** investment board contracts to exchange payments or assets.

Analysis by the Legislative Reference Bureau

Under current law, the investment board has the authority to enter into a contract with any person whom the board considers to be creditworthy to exchange the nature of payments or assets due to be given or received between the person and the investment board. The investment board may only enter into such a contract for the purpose of protecting an investment or group of assets aggregated for investment purposes against a risk, to meet nonspeculative objectives relating to rates of return or cash flow requirements or for similar purposes.

This bill prohibits the investment board from entering into a contract until its legal counsel has issued an opinion regarding the legality of any such exchange agreement.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 **SECTION 1.** 25.16 (2) of the statutes is amended to read:
4 25.16 (2) The executive director may appoint one division administrator and
5 investment directors and shall appoint legal counsel and all other employes
6 necessary to carry out the functions of the investment board, except that the
7 investment board shall participate in the selection of investment directors. The

1 executive director shall appoint all employes outside the classified service, except
2 blue collar and clerical employes. Neither the executive director, any investment
3 director nor any other employe of the board shall have any financial interest, either
4 directly or indirectly, in any firm engaged in the sale or marketing of real estate or
5 investments of any kind, nor shall any of them render investment advice to others
6 for remuneration.

7 **SECTION 2.** 25.18 (1) (n) of the statutes is amended to read:

8 25.18 (1) (n) For the purpose of protecting an investment or group of assets
9 aggregated for investment purposes against a risk, to meet nonspeculative objectives
10 relating to rates of return or cash flow requirements or for similar purposes, enter
11 into a contract with any person whom the board considers to be creditworthy to
12 exchange the nature of payments or assets due to be given or received between the
13 parties. The board may not enter into such a contract until its legal counsel has
14 issued an opinion regarding the legality of the exchange agreement.

15 **SECTION 3.** 165.25 (4) (a) of the statutes is amended to read:

16 165.25 (4) (a) The department of justice shall furnish all legal services required
17 by the investment board, other than legal services required under s. 25.18 (1) (n), the
18 lottery division in the gaming commission, the public service commission, the
19 department of transportation, the department of natural resources and the
20 department of employe trust funds, together with any other services, including
21 stenographic and investigational, as are necessarily connected with the legal work.

22 **SECTION 4. Initial applicability.**

23 (1) This act first applies to contracts into which the investment board enters
24 under section 25.18 (1) (n) of the statutes on the effective date of this subsection.

25 (END)