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

SECTION 1. 25.156 (3) and (4) of the statutes are amended to read:

25.156 (3) The members of the board shall appoint an investment director, or the executive assistant to the deputy executive director, internal auditor, chief investment officer, chief financial officer, chief legal counsel, or chief risk officer to act as assistant director, except that until the appointment is made by the members of the board, the executive director may temporarily designate the assistant director.

(4) The members of the board shall promulgate rules restricting the executive director, executive assistant to the deputy executive director, internal auditor, chief investment officer, chief financial officer, chief legal counsel, chief risk officer, investment directors, and employees from having financial interest, directly or indirectly, in firms or corporations providing services to the department and governing the receipt of gifts or favors therefrom, and also governing personal investments of all employees including the executive director, executive assistant to the deputy executive director, internal auditor, chief investment officer, chief financial officer, chief legal counsel, chief risk officer, and investment directors to prevent conflicts of interest.

SECTION 2. 25.16 (2) and (3) of the statutes are amended to read:

25.16 (2) The executive director may appoint a chief legal counsel, chief financial officer, chief risk officer, and not more than 11 investment directors and, shall appoint a chief investment officer unless the executive director is also the chief investment officer, and shall appoint all other employees necessary to carry out the functions of the board, except that the board shall appoint the internal auditor and shall participate in the selection of the chief investment officer and investment directors and the internal auditor shall appoint his or her staff. The executive director shall appoint all employees outside the classified service. Neither the executive director, the internal auditor, the chief investment officer, the chief legal counsel, the chief financial officer, the chief risk officer, any investment director, nor any other employee of the board shall have any financial interest, either directly or indirectly, in any firm engaged in the sale or marketing of real estate or investments of any kind if it would create a conflict of interest for the investment

* Section 991.11, WISCONSIN STATUTES: Effective date of acts. “Every act and every portion of an act enacted by the legislature over the governor’s partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication.”
board, nor shall any of them render investment advice to others for remuneration.

(3) The executive director may appoint an assistant director. The executive assistant director shall perform the duties prescribed by the executive director.

Section 3. 25.165 (2) (c) of the statutes is amended to read:

25.165 (2) (c) Monitor Through periodic internal audits, monitor for compliance with applicable legal requirements and with the board’s contractual agreements any bank, savings and loan association, savings bank, or credit union with which the board has entered into a custodial agreement under s. 25.17 (11); any investment advisers with which the board has contracted to manage and control board assets under s. 25.18 (2) (e); and any other external parties with which the board has contracted to provide investment services to the board.

Section 4. 25.167 of the statutes is renumbered 25.167 (1m), and 25.167 (1m) (intro.), as renumbered, is amended to read:

25.167 (1m) (intro.) Leader Except as provided in sub. (2m), under the supervision of the executive director, the chief investment officer shall do all of the following:

Section 5. 25.167 (2m) of the statutes is created to read:

25.167 (2m) If the executive director and chief investment officer are the same person, the executive director shall designate another investment director to take the actions specified in sub. (1m).

Section 6. 25.17 (3) (b) 3. of the statutes is amended to read:

25.17 (3) (b) 3. Unsecured notes of corporate issuers, including financial and industrial issuers, maturing within 5 years or less from the date of settlement and having one of the 3 highest ratings given by a nationally recognized rating service, but if the corporation issuing such notes has any long-term senior debt issues outstanding which also have been rated, the rating must be one of the 3 highest ratings so given.

Section 7. 25.17 (3) (dg) 2. of the statutes is amended to read:

25.17 (3) (dg) 2. Commercial paper maturing within one year or less from the date of investment and rated not lower than prime by the national credit office, if the issuing corporation has one or more long-term senior debt issues outstanding, each of which has one of the 3 highest ratings issued by Moody’s Investors Service or Standard & Poor’s Corporation, a nationally recognized rating service.

Section 8. 25.17 (70) (intro.) of the statutes is amended to read:

25.17 (70) (intro.) No later than December 31 of every even-numbered year, submit to the governor and to the presiding officer of each house of the legislature a plan for making investments in this state. The purpose of the plan is to encourage the board to make the maximum amount of investments in this state, subject to s. 25.15 and consistent with the statutory purpose of each trust or fund managed by the board. The plan shall discuss potential investments to be made during the succeeding 5 years beginning in the year after submittal of the plan, and shall include, but not be limited to, the following:

Section 9. 25.18 (1) (intro.), (a), (f) and (m) of the statutes are amended to read:

25.18 (1) (intro.) In addition to the powers and duties enumerated in s. 25.17, but subject to s. 25.183, and notwithstanding any other statute except s. 25.183, the board may:

(a) Notwithstanding s. 20.930 and all provisions of subch. IV of ch. 16, except s. 16.753, employ legal or investment counsel in any matters arising out of the scope of its investment authority. Section 16.753 does not apply to the employment of legal or investment counsel for the purpose of assisting the board with investments. The employment of special legal counsel shall be with the advice and consent of the attorney general whenever such special counsel is to be compensated by the board or operations. Any expense of counsel so employed shall be borne by the fund for which the services shall be furnished.

(f) Maintain improve, maintain, occupy, furnish, equip, supply, and repair any building or other structure or premises which it owns in fee or in which it owns the beneficial or leasehold interest and, notwithstanding all provisions of subchs. IV and V of ch. 16, except s. 16.753, it shall have exclusive authority to make such agreements and enter into such contracts as it deems necessary for such purpose. Section 16.753 does not apply to agreements and contracts entered into by the board for the purpose of assisting the board with investments. All noncapital costs under this paragraph shall be charged to the current income accounts of the funds having an interest in the building, structure, or premises.

(m) Notwithstanding all provisions of subchs. IV and V of ch. 16, except s. 16.753, employ special legal professionals, contractors, or other agents necessary to evaluate or operate any property if a fund managed by the board has an interest in, or is considering purchasing or lending money based upon the value of, that property. Section 16.753 does not apply to the employment of any person for the purpose of assisting the board with investments. Costs under this paragraph shall be paid by the fund or charged to the appropriate account under s. 40.04 (3) for which the costs were incurred.

Section 10. 25.18 (1) (o) and (p) of the statutes are repealed.

Section 11. 25.183 (3) of the statutes is amended to read:

25.183 (3) REVERSE REPURCHASE AGREEMENTS. After May 7, 1996, the board may not enter into any reverse
repurchase agreement in the state investment fund unless
the repurchase of securities under the agreement is
required to occur no later than the next business day.

**SECTION 12.** 25.187 (1) of the statutes is renumbered
25.187 (1) (a) and amended to read:

25.187 (1) (a) In this section, “operating expendi-
tures” include all costs and expenses incurred by the
investment board for the purpose of operating the board
and managing the assets of each fund for which the board
has management responsibility, but does not include
costs or expenses incurred under s. 25.18 (1) (a), (c), (f)
or (m) or (2) (d) or (e) or (2) or 40.04 (3) (intro.) or
incurred in connection with information technology pur-
chases, including those contemplated under s. 16.751,
business travel, recruitment of job applicants, or sub-
scriptions to relevant news or industry publications, or
office management expenses.

**SECTION 13.** 25.187 (1) (b) and (c) of the statutes are
created to read:

25.187 (1) (b) The investment board’s expenditure of
operating expenditures contemplated by this section is
not subject to the provisions of subch. IV of ch. 16, but
the investment board may, in its discretion, coordinate
purchases with the department of administration under s.
16.71.

(c) The investment board shall adopt policies and
procedures that specify all of the following:

1. When the investment board is required to publicly
solicit proposals from multiple vendors of goods or ser-
VICES.

2. How the investment board is to evaluate proposals
from multiple vendors.

3. How the investment board is to assess any conflict
of interest a vendor may have if the vendor sells goods or
services to the investment board.

**SECTION 14.** 25.187 (4) of the statutes is created to
read:

25.187 (4) The investment board shall establish
travel policies for investment board employees and job
applicants and a schedule for the reimbursement of
investment board employees and job applicants for travel
expenses, which shall take into account the maximum
rate for lodging expenses incurred in this state under the
approved uniform travel schedule incorporated under s.
20.916 (8) (b) into the current compensation plan under
s. 230.12 (1).