

hundred fifty thousand dollars, for the construction on the University of Wisconsin grounds, a suitable building for and equipment of the Wisconsin orthopedic hospital for children. This appropriation, however, shall be available only upon the approval of the governor.

SECTION 3. This act shall take effect upon passage and publication.

Approved September 12, 1929.

No. 414, S.]

[Published September 13, 1929.

CHAPTER 491.

AN ACT to repeal sections 42.22 and 42.23, to create sections 20.725 and 25.15 to 25.17, and to amend subsection (4) of section 14.44, section 20.30, sections 42.21, 42.24, 42.31, 42.36 and 42.39, subsection (4) of section 42.51, section 42.53, subsection (9) of section 45.27, paragraph (i) of subsection (4m) and paragraph (f) of subsection (6) of section 102.09, subsection (7) of section 210.04 and subsection (2) of section 210.05 of the statutes, relating to the investment of state fund, creating a state annuity and investment board and the office of director of investments and making an appropriation.

The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:

SECTION 1. Sections 42.22 and 42.23 of the statutes are repealed and the annuity board as now constituted is abolished.

SECTION 2. Four new sections are added to the statutes to read: 20.725 (1) There is annually appropriated from the general fund to the state investment board, fifty thousand dollars for the execution of its functions under sections 25.15 to 25.17. At the end of each fiscal year, the general fund shall be reimbursed the amount actually expended under this appropriation from the income of the several funds invested by the state investment board, in the proportion that the outstanding investments from each fund at the end of the fiscal year bear to the total moneys invested by the board.

(2) There is also appropriated to the state annuity and investment board and added to the appropriation made in subsection (1) all sums paid to the said board from other funds for

services rendered pursuant to subsections (4) and (5) of section 25.17.

(3) Annually, beginning July 1, 1929, not to exceed thirty-five thousand dollars from the interest earnings of the funds of the state retirement system are appropriated to the state annuity and investment board for the administration of sections 42.20 to 42.54, exclusive of expenditures incurred in connection with the investment, and management of these funds, which shall be paid from the appropriations made in subsection (1).

25.15 (1) There is created within the executive department a state annuity and investment board. Said board shall be provided with suitable offices in the state capitol and shall be supplied with necessary furniture, supplies, postage, stationery, equipment and printing on the same basis as other state departments.

(2) Said board shall be composed of five members, one of whom shall be the state superintendent of public instruction. The other four members shall be appointed by the governor with the advice and consent of the senate. One of such appointive members shall be a teacher, superintendent or principal actively connected with the school system of the state, and the other three appointive members shall be persons who are familiar with, and have had experience in making investments. The term of one of the first appointive members shall expire on March 1, 1931, the term of another of such first members on March 1, 1933, and the terms of the other two first members on March 1, 1935. Thereafter as the terms of the members first appointed shall expire their successors shall be appointed for terms of six years and until their successors shall have been appointed and shall have qualified. Such appointive members shall be paid a salary of twenty-five dollars for each day actually devoted to the performance of their duties, including time spent in travel, not exceeding five hundred dollars to any member in any year, and shall also be reimbursed their actual and necessary expenses.

(3) Regular meetings of the state annuity and investment board shall be held in each month and special meetings upon call of the director of investments or of any three members of the board.

(4) The governor shall biennially in March of each year designate one of the members of the annuity and investment board to act as chairman of the board for the ensuing biennium.

Vacancies in the office of chairman shall be filled by appointment of the governor.

25.16 (1) The executive head of the state annuity and investment board shall be the director of investments. Such director shall be appointed by the annuity and investment board and shall be a person of proven executive ability, qualified by prior experience and training to invest the state's investment funds. He shall not hold any other office or be engaged in any other employment. Such director shall be paid such annual salary as may be fixed by the board and approved by the governor, and shall furnish a bond for the faithful performance of his duties in such sum and with such sureties as the board may recommend and the governor require and approve.

(2) The director of investments shall have direction of all employes of the state annuity and investment board. He shall be authorized to act for the board, pursuant to its direction and under such rules and regulations as it may adopt, in all matters concerning investments made or to be made by said board.

25.17 The state annuity and investment board shall have power and authority and it shall be its duty:

(1) To have exclusive control of the investment and collection of the principal and interest of all moneys loaned or invested from any of the following funds: the several funds of the state retirement system, the life fund, the state insurance fund, the soldiers' rehabilitation fund, the fund created by subsection (4) of section 14.44, the funds created by subsections (4m) and (6) of section 102.09, and all other funds of the state or of any state department or institution, except operating funds, all funds which by the constitution are required to be controlled and invested by the commissioners of public lands and any moneys in the university trust funds which must be administered by the board of regents of the university in order to comply with the provisions made by the donor of such moneys.

(2) To invest any of the funds specified in subsection (1) in the securities authorized by section 206.34 and to dispose of such securities when in their judgment it is to best interest of these funds to do so.

(3) To make all loans from any funds within its jurisdiction in the name of the state, but any suit or action of any nature concerning or relating to such investment shall be brought by and in the name of the director of investments.

(4) To accept when necessary to protect a mortgage loan, a quit claim deed to the mortgaged property in full satisfaction of the mortgage debt, and to manage, operate, lease, sell, convey, assign and deed property so acquired.

(5) To give such advice and assistance as may be requested by the commissioners of public lands or the board of regents of the university in the investment of any moneys which under subsection (1) are excepted from the moneys to be loaned or invested by the state annuity and investment board, and to assign, sell, convey and deed to them such investments made by the said board as may be mutually agreeable. The cost of any services rendered to the commissioners of public lands or the board of regents of the university pursuant to this section shall be charged to the fund to which the moneys invested belong and shall be added to appropriation to the state annuity and investment board in section 20.725.

(7) To secure insurance against burglary, robbery or theft on any of the negotiable securities owned or held by the board or any of the funds under its management.

(8) To utilize the services of the securities division of the railroad commission to investigate any securities offered for investment or which they may contemplate making investments of any state funds. The cost of such investigation shall be charged to the fund from which such investments are proposed to be made.

(9) To succeed to all of the duties, functions, and powers, property, documents, records, assets, liabilities and obligations of:

(a) The annuity board in the administration of the teachers' retirement law and in the investment of the several funds of the state retirement system;

(b) The commissioner of insurance in the investment of the state insurance fund;

(c) The commissioner of insurance, the state treasurer, the secretary of state and the attorney-general in the investment of the life fund;

(d) The state treasurer, the secretary of state and the attorney-general in the investment of the soldiers' rehabilitation fund;

(e) The state treasurer and the state board of deposits in the

investment of the fund created by subsection (4) of section 14.44;

(f) The board of regents of the university in the investment of such moneys in any of the university trust funds as are not required to be invested by the said board under the terms of the gift of such moneys;

(g) All other state boards, commissions, departments, institutions and officers in the investment of any funds which under subsection (1) of this section are hereafter to be loaned and invested by the state investment and annuity board;

(h) All applications, investigations, hearings and other proceedings pending before any of the boards, commissions, departments, institutions and officers mentioned in paragraphs (a) to (g) concerning or growing out of any of the duties, functions and powers transferred to the director of investments and all actions, proceedings and investigations begun by any of such boards, commissions, departments, institutions and officers in the discharge of such duties, functions and powers which shall not have been completed at the time of the taking effect of this section shall remain in full force and effect and may be completed by the state annuity and investment board.

SECTION 3. Subsection (4) of section 14.44, section 20.30, sections 42.21, 42.24, 42.31, 42.36 and 42.39, subsection (4) of section 42.51, section 42.53, subsection (9) of section 45.27, paragraph (i) of subsection (4m) and paragraph (f) of subsection (6) of section 102.09, subsection (7) of section 210.04 and subsection (2) of section 210.05 of the statutes are amended to read: (14.44) (4) Any state depository approved for that purpose by the commissioner of banking, after such examination as he may require, and which shall be found satisfactory to the state board of deposits, may be relieved of complying with the provisions of subsections (1), (2) and (3) of this section, and thereupon one-half per cent upon the principal shall be set apart from all interest received upon the deposits in such depository in a fund which shall be used solely for the reimbursement of losses resulting from the failure of any depository to repay to the state on demand the full amount of its deposits. Such fund shall be invested and managed by the * * * *state annuity and investment board.*

20.30^{*} (1) The moneys appropriated by section 20.251 of the statutes, excepting the moneys to be paid into the retirement

deposit fund under the provisions of sections 42.45 and 42.46, and all other moneys transferred to or received by the contingent fund from any legal source, constitute the contingent fund of the state retirement system; the moneys appropriated by said section 20.251 to be paid into the retirement deposit fund as provided in sections 42.45 and 42.46, all moneys paid into the retirement deposit fund under the provisions of sections 42.39 to 42.44, * * * of the statutes, and all other moneys transferred to or received by the retirement deposit fund from any legal source, constitute the retirement deposit fund; and the moneys transferred from the retirement deposit fund to the annuity reserve fund under the provisions of section 42.48 of the statutes, and all other moneys received from any legal source constitute the annuity reserve fund; and are appropriated to the * * * *state annuity and investment board* for carrying into effect the provisions of sections 42.20 to 42.54, * * * of the statutes. * * * The assets held in the contingent fund shall on June thirteenth of each year at least equal the following ratios to the present value of all future payments of benefits from the contingent fund, namely: The actual percentage of such assets to such present value on June 30, 1922, which percentage shall be increased by two and one-half per cent for each year thereafter, so that such assets shall equal such present value in not exceeding forty years from June 30, 1922.

(2) It shall be the duty of the attorney-general to furnish all legal services required by the * * * *state annuity and investment board* in the investment of its funds, together with such other services as are necessarily connected with such legal work * * *.

(3) The attorney-general shall render to the * * * *state annuity and investment board* monthly statements of the total cost of such legal and other services. Upon receipt of such statements, the * * * *director of investments* shall certify the amounts thereof to the secretary of state to be paid into the general fund of the state treasury out of the appropriation for the * * * *state annuity and investment board* for the cost of making its investments; such amounts shall be and hereby are re-appropriated from said general fund and added to the appropriation for the department of the attorney-general for general administration purposes.

42.21 This act, consisting of sections 42.20 to 42.54, * * *

of the statutes and all amendments thereto, shall be known as the "State Retirement Law." The "State Retirement System" hereby established shall be administered by and under the * * * *state annuity and investment board* through the "Public School Retirement Board," representing the "Public School Retirement Association," "The Normal School Retirement Board," representing the "Normal School Retirement Association," and the "University Retirement Board," representing the "University Retirement Association". A report for each fiscal year shall annually be made to the governor by the * * * *state annuity and investment board* which report shall include the reports of the several retirement boards. The commissioner of banking shall examine the state retirement system and perform the same duties and have the same powers with respect thereto as is provided by section 220.04 in the case of a bank.

42.24 The state treasurer shall be ex officio treasurer of the *state annuity and investment board* and of the state retirement system, and shall give an additional bond in such amount and with such corporate sureties as shall be required and approved by the *state annuity and investment board*, the cost of which shall be borne by * * * *said board*.

42.31 (1) The *state annuity and investment board* from time to time shall adopt such by-laws and make such rules for the transaction of * * * *the business of the state retirement system* and for the control of the several funds hereby created and the payment of the benefits hereby provided as it shall deem necessary and proper and shall perform all duties necessary or convenient for putting into effect and carrying on the state retirement system.

(2) The *state annuity and investment board* shall * * * employ such actuarial, legal, medical or other technical service and such clerical and other services as may be necessary, fix the compensation therefor, and may allow actual and necessary expenses incurred in the performance of duty.

42.36 With the approval of the *state annuity and investment board*, each retirement board shall adopt such by-laws and rules as it may find necessary * * *. *The director of investments shall be the secretary of the several retirement boards and furnish all necessary actuarial, stenographic, clerical and other services for said boards at the expense of the state annuity and investment board.*

42.39 Every employer shall furnish to the *state annuity and investment* board and to the retirement boards such reports and such information as any of said boards may require, and the state superintendent of public instruction and the county, district and city superintendents shall give such aid and co-operation in furnishing or obtaining any such reports or information, as may be required by any of said boards.

(42.51) (4) Upon the issue of a certificate of membership to any member of Class A, the public school retirement board shall determine the accumulation as of the date of the taking effect of this act resulting from the payments by such member to the teachers' insurance and retirement fund with interest thereon at the actual rate earned by said fund. The *state annuity and investment* board shall thereupon certify the amount of such accumulation for transfer to the credit of said member in the retirement deposit fund as of the date of the taking effect of this act.

42.53 The *state annuity and investment* board through the public school retirement board, immediately upon the taking effect of this act, shall succeed to and be vested with all the property, rights, powers and duties, and be subject to all the obligations and liabilities, of the teachers' insurance and retirement fund and of the board of trustees of the teachers' insurance and retirement fund.

(45.27) (9) The soldiers' rehabilitation fund shall be invested by the * * * *state annuity and investment* board, in the same character of securities as is provided by law for the investment of funds under the teachers' retirement act, and preference shall be given to applications for loans to farmers and co-operative associations.

(102.09) (4m) (i) For the proper administration of the funds available under paragraphs (f) and (g) of this subsection the commission shall, by order, set aside in the state treasury suitable reserves to carry to maturity the liability for additional death benefit. *Such moneys shall be invested by the state annuity and investment board, in the securities authorized in section 206.34.*

(6) (f) For the proper administration of the funds available under paragraphs (d) and (e) the commission shall, by order, set aside in the state treasury suitable reserves to carry to maturity the liability for special additional indemnity in each

case, and for any contingent death benefit. *Such moneys shall be invested by the state annuity and investment board, in the securities authorized in section 206.34.*

(210.04) (7) Beginning January first, 1918, and annually thereafter, the state treasurer shall credit the state insurance fund with interest on the average amount in such fund for the preceding twelve months at the average rate of interest earned by the state upon its bank deposits during that period. If said fund shall at any time subsequent to January first, 1918, be indebted to the general fund of the state such fund shall be charged, at the end of each calendar year, with interest on such indebtedness at the average rate earned by the state upon its bank deposits during the period of such indebtedness and such sum shall be credited to the general fund, provided that the * * * *state annuity and investment board* may * * * cause such funds to be invested in the securities authorized in section 206.34.

(210.05) (2) The state treasurer shall be ex officio treasurer and custodian of the life fund, and all other matters in relation thereto shall be under the supervision of the commissioner of insurance. Each shall give such bond therefor as may be required and approved by the governor and secretary of state, which shall be filed with his official bond. * * * *The state annuity and investment board* shall cause the moneys in the life fund to be invested and re-invested in the securities authorized in section 206.34, and * * * may sell and dispose of such securities as may be necessary in the management of such fund. In making such investments, preference shall be given to applications for loans to farmers and cooperative associations.

SECTION 4. All employes of the annuity board abolished in this act shall be continued as employes of the state annuity and investment board at their present salaries, subject to the right of the director of investments to make changes in personnel and salaries as provided by law.

SECTION 5. This act shall take effect upon passage and publication.

Approved September 12, 1929.