

# Senate Bill 21

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## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Deletes prohibition on investment of certain funds in foreign securities.

## A BILL FOR AN ACT

1  
2 Relating to investments; amending ORS 293.726 and 294.835.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 293.726 is amended to read:

5 293.726. (1) The investment funds shall be invested and the investments of those funds managed  
6 as a prudent investor would do, under the circumstances then prevailing and in light of the pur-  
7 poses, terms, distribution requirements and laws governing each investment fund.

8 (2) The standard stated in subsection (1) of this section requires the exercise of reasonable care,  
9 skill and caution, and is to be applied to investments not in isolation but in the context of each in-  
10 vestment fund's investment portfolio and as a part of an overall investment strategy, which should  
11 incorporate risk and return objectives reasonably suitable to the particular investment fund.

12 (3) In making and implementing investment decisions, the Oregon Investment Council and the  
13 investment officer have a duty to diversify the investments of the investment funds unless, under the  
14 circumstances, it is not prudent to do so.

15 (4) In addition to the duties stated in subsection (3) of this section, the council and the invest-  
16 ment officer must:

17 (a) Conform to the fundamental fiduciary duties of loyalty and impartiality;

18 (b) Act with prudence in deciding whether and how to delegate authority and in the selection  
19 and supervision of agents; and

20 (c) Incur only costs that are reasonable in amount and appropriate to the investment responsi-  
21 bilities imposed by law.

22 (5) The duties of the council and the investment officer under this section are subject to con-  
23 trary provisions of privately created public trusts the assets of which by law are made investment  
24 funds. Within the limitations of the standard stated in subsection (1) of this section and subject to  
25 [subsections (6) and (7)] **subsection (6)** of this section, there may be acquired, retained, managed and  
26 disposed of as investments of the investment funds every kind of investment which persons of pru-  
27 dence, discretion and intelligence acquire, retain, manage and dispose of for their own account.

28 (6) Notwithstanding subsection (1) of this section, not more than 50 percent of the moneys con-  
29 tributed to the Public Employees Retirement Fund or the Industrial Accident Fund may be invested  
30 in common stock, and not more than 65 percent of the moneys contributed to the other trust and  
31 endowment funds managed by the Oregon Investment Council or the State Treasurer may be in-

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 vested in common stock.

2 *[(7) Notwithstanding subsection (1) of this section, no moneys invested pursuant to ORS 293.701*  
 3 *(2)(o) shall be invested in any securities originating outside the United States.]*

4 *[(8)] (7)* Subject to the standards set forth in this section, moneys held in the Deferred Com-  
 5 pensation Fund may be invested in the stock of any company, association or corporation, including  
 6 but not limited to shares of a mutual fund. Investment of moneys in the Deferred Compensation Fund  
 7 is not subject to the limitation imposed by subsection (6) of this section.

8 **SECTION 2.** ORS 294.835 is amended to read:

9 294.835. (1) In investing and reinvesting moneys in the investment pool and in acquiring, re-  
 10 taining, managing and disposing of investments of the investment pool there shall be exercised the  
 11 judgment and care under the circumstances then prevailing, which individuals of prudence, dis-  
 12 cretion and intelligence exercise in the management of their own affairs, not in regard to specu-  
 13 lation but in regard to the permanent disposition of their funds, considering the probable income as  
 14 well as the probable safety of their capital. Within the limitations of the foregoing standard and  
 15 subject to *[subsections (2) and (3)]* **subsection (2)** of this section, there may be acquired, retained,  
 16 managed and disposed of as investments of the investment pool every kind of investment which in-  
 17 dividuals of prudence, discretion and intelligence acquire, retain, manage and dispose of for their  
 18 own account.

19 (2) Notwithstanding subsection (1) of this section, moneys in the investment pool may not be  
 20 invested in the stock of any company, association or corporation.

21 *[(3) Notwithstanding subsection (1) of this section, no moneys in the investment pool shall be in-*  
 22 *vested, after June 30, 1979, in any securities originating outside the United States.]*

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