

## HOUSE BILL NO. HB0020

Private equity investments.

Sponsored by: Joint Revenue Interim Committee

A BILL

for

1 AN ACT relating to public funds; creating the private  
2 equity investment account as specified; providing for the  
3 administration and use of the account; requiring a report;  
4 providing for rules and regulations; providing definitions;  
5 providing an appropriation; and providing for an effective  
6 date.

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8 *Be It Enacted by the Legislature of the State of Wyoming:*

9

10 **Section 1.** W.S. 9-4-714 is created to read:

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12 **9-4-714. Private equity investment account.**

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14 (a) There is created within the permanent Wyoming  
15 mineral trust fund the private equity investment account.  
16 The state treasurer may commit a maximum amount of fifty  
17 million dollars (\$50,000,000.00) from the account to invest

1 as a limited partner investor in a fund as defined by W.S.  
2 9-4-711(d). Monies in the account shall not be invested  
3 in the fund until the state treasurer receives confirmation  
4 from the general partner of the fund that commitments have  
5 been obtained from other limited partner investors of not  
6 less than twenty million dollars (\$20,000,000.00). The  
7 amount of the fund shall not exceed one hundred seventy-  
8 five million dollars (\$175,000,000.00), and no limited  
9 partner shall invest more in the fund at any one (1) time  
10 than the amount invested by the state.

11

12 (b) The fund shall be used to invest primarily in the  
13 buy-out of existing profitable private companies or  
14 companies that are reasonably expected to become profitable  
15 in the judgment of the general partner of the fund. The  
16 state treasurer shall negotiate the terms of the  
17 investment partnership agreement with the general partner  
18 of the fund including management fees, preferred returns  
19 and division of profits with the general partner and other  
20 partners. The agreement may provide incentives for the  
21 general partner to consider investments which enhance the  
22 economic development of this state, provided such  
23 investments offer a rate of return and safety comparable to  
24 other similar investments available to the fund. The state

1 treasurer may retain an experienced private equity  
2 consultant or management firm to advise and assist the  
3 treasurer in negotiating the investment partnership  
4 agreement.

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6 (c) The fund shall be managed by a general partner  
7 appointed by the state treasurer as provided by subsection  
8 (b) of this section who shall direct the fund and its  
9 investments. The fund:

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11 (i) Shall not be subject to the state investment  
12 policy as provided by W.S. 9-4-709, and shall not be  
13 included in the calculation of the state spending policy  
14 under W.S. 9-4-713;

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16 (ii) Shall be limited to the legislatively  
17 designated investment amounts as provided by W.S. 9-4-712;

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19 (iii) Shall be limited to an investment period  
20 of not to exceed seven (7) years with liquidation to occur  
21 not more than thirteen (13) years from the date of the  
22 creation of the fund, at which time the fund shall be  
23 terminated and the monies in the fund shall revert to the

1 account created by subsection (a) of this section, and  
2 subsequently deposited into the general fund;

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4 (iv) Shall not be invested in more than two  
5 percent (2%) of the total committed capital in start-up or  
6 early stage companies as defined by the investment  
7 partnership agreement as provided by subsection (b) of this  
8 section, and shall not be invested in more than twenty-five  
9 percent (25%) of committed capital in any one (1)  
10 investment without the consent of a majority of the limited  
11 partners;

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13 (v) May be invested as the sole investor or in  
14 conjunction with and in cooperative investment agreements  
15 with parties that have demonstrated abilities and  
16 relationships in making investments similar to those the  
17 fund is authorized to make.

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19 (d) Any realized income from the fund shall be  
20 credited to the account created by subsection (a) of this  
21 section. The account proceeds shall be annually deposited  
22 into the general fund as provided by W.S. 9-4-204(u)(iii).

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1           (e) The general partner shall report quarterly to the  
2 state treasurer and annually, on or before December 1, to  
3 the state loan and investment board, the joint revenue  
4 interim committee and the select committee on financing and  
5 capital investments. The report shall include all  
6 pertinent information on the activity of the fund including  
7 all authorized investments and their performance.

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9           (f) The state treasurer may promulgate reasonable  
10 rules and regulations for the implementation and  
11 administration of the provisions of this section.

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13           (g) As used in this section:

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15                   (i) "Account" means the private equity  
16 investment account created by subsection (a) of this  
17 section;

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19                   (ii) "Fund" means a fund as defined by W.S.  
20 9-4-711(d).

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22           **Section 2.** There is appropriated to the private  
23 equity investment account created by W.S. 9-4-714 fifty  
24 million dollars (\$50,000,000.00) from the general fund.

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2       **Section 3.** This act is effective July 1, 2006.

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(END)