

**FISCAL NOTE**

The fiscal impact is indeterminate.

This bill would move the Treasurer's Office investment portfolio into a more modern view of portfolio theory. A reference portfolio would define the parameters of risk and return in a way to provide flexibility within asset classes to provide the highest risk adjusted return. This bill would allow for an increase in overall volatility from current practice. The state treasurer after consultation with the investment funds committee shall submit to the State Loan and Investment Board (Board) the committee's recommendations of specific benchmarks for the measurement of the portfolio risk characteristics. The specific benchmarks shall be determined by the Board.

This bill also moves several accounts into the Pool A investment account which would be invested with the new reference portfolio methodology as described above.

Prepared by: Leanne Hoag, LSO Phone: 777-7881  
(Information provided by Amanda Sewell, Office of State Lands and Investments,  
777-7028;  
Patrick Fleming and Matthew Sackett, State Treasurer's Office, 777-7408)