

**WORKING DRAFT**

HOUSE BILL NO. \_\_\_\_\_

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.

7

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:

11

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

13

14 (a) There is created within the permanent Wyoming  
 15 mineral trust fund the private equity investment account.

1 The state treasurer may commit a maximum amount of fifty  
2 million dollars (\$50,000,000.00) from the account to invest  
3 as a limited partner investor in a fund as defined by W.S.  
4 9-4-711(d). Moneys in the account shall not be invested  
5 in the fund until the state treasurer receives confirmation  
6 from the general partner of the fund that commitments have  
7 been obtained from other limited partner investors of not  
8 less than twenty million dollars (\$20,000,000.00). The  
9 amount of the fund shall not exceed one hundred seventy-  
10 five million dollars (\$175,000,000.00), and no limited  
11 partner shall invest more in the fund at any one (1) time  
12 than the amount invested by the state.

13

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

1 investments offer a rate of return and safety comparable to  
2 other similar investments available to the fund. The state  
3 treasurer may retain an experienced private equity  
4 consultant or management firm to advise and assist the  
5 treasurer in negotiating the investment partnership  
6 agreement.

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8 (c) The fund shall be managed by a general partner  
9 appointed by the state treasurer as provided by subsection  
10 (b) of this section who shall direct the fund and its  
11 investments. The fund shall not be subject to the state  
12 investment policy as provided by W.S. 9-4-709, and shall  
13 not be included in the calculation of the state spending  
14 policy under W.S. 9-4-713. The fund shall be limited to  
15 the legislatively designated investment amounts as provided  
16 by W.S. 9-4-712. The fund:

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18 (i) Shall be limited to an investment period of  
19 not to exceed seven (7) years with liquidation to occur not  
20 more than thirteen (13) years from the date of the creation  
21 of the fund, at which time the fund shall be terminated and  
22 the moneys in the fund shall revert to the account created  
23 by subsection (a) of this section, and subsequently  
24 deposited into the general fund;

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

10

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

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

21

22           (d)     The general partner shall report quarterly to the  
23 state treasurer and annually, on or before December 1, to  
24 the state loan and investment board, the joint revenue

1 interim committee and the select committee on financing and  
2 capital investments. The report shall include all  
3 pertinent information on the activity of the fund including  
4 all authorized investments and their performance.

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6 (e) The state treasurer may promulgate reasonable  
7 rules and regulations for the implementation and  
8 administration of the provisions of this section.

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10 (f) As used in this section:

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12 (i) "Account" means the private equity  
13 investment account created by subsection (a) of this  
14 section;

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16 (ii) "Fund" means a fund as defined by W.S. 9-4-  
17 711(d).

18

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

22

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

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(END)