

**FISCAL NOTE**

The fiscal impact in the form of a revenue decrease is indeterminable but could be substantial.

Source of revenue decrease:

Currently, many investment managers require the State Treasurer's Office (STO) to enter into non-disclosure agreements (NDAs) in order to receive a manager's confidential commercial data. STO needs this data in order to properly evaluate potential investment. STO negotiates an exception for information disclosable under the Public Records Act in all of its NDAs. Under the Public Records Act, the custodian of the records (in this case, STO) is required to deny the disclosure of confidential commercial information. In other words, STO enters into these NDAs because, despite the protections under the Public Records Act, it is the only way that managers will share their confidential commercial data. Prohibiting STO from entering into these NDAs will likely have a significant negative financial effect on the State's investments.

The largest impact the STO would likely experience would be a decline in managers or partners interested in doing business with the State of Wyoming, thereby limiting investment opportunities, and/or the loss of access to manager data rooms and the loss of opportunities to obtain limited partner advisory committee seats.

Due diligence and oversight on private asset classes would be severely hampered. The STO's \$650 million annual commitment to private equity, \$500 million commitment to private credit, and approximately \$400 million annual commitment to real estate could become difficult, if not impossible, to execute unless due diligence standards were lowered beyond what the prudent investor rule would allow. This would require the STO to rely on public markets, abandoning the total rate of return model. This would reduce returns over the long term and increase portfolio volatility.

In preparing the response to this fiscal impact request, the STO Investment Team built a very simple model that indicates the five-year aggregate opportunity cost to the portfolios would be approximately \$680 million dollars.

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