

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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HOUSE BILL 1806

Short Title: Investment Authority to Retirement Board. (Public)

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Sponsors: Representatives Coleman, Faison, Dollar, and Hurley (Primary Sponsors).

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Referred to: Pensions and Retirement, if favorable, Appropriations.

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April 19, 2007

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE THE RETIREMENT SYSTEM BOARD OF TRUSTEES  
3 WITH SOLE AUTHORITY OVER INVESTMENT OF RETIREMENT SYSTEM  
4 FUNDS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 135-7(c) reads as rewritten:

7 "**§ 135-7. Management of funds.**

8 (a) ~~Vested in Board of Trustees.~~ Trustees; Investment of Funds. – The Board of  
9 Trustees shall be the trustee of the several funds created by this Chapter as provided in  
10 this section and in G.S. 135-8. The Board of Trustees shall have sole authority and  
11 responsibility as fiduciary to invest the several funds as provided in G.S. 135-7A and  
12 G.S. 135-7B.

13 (b) Regular Interest Allowance. – The Board of Trustees annually shall allow  
14 regular interest on the mean amount for the preceding year in each of the funds with the  
15 exception of the expense fund. The amounts so allowed shall be due and payable to said  
16 funds, and shall be annually credited thereto by the Board of Trustees from interest and  
17 other earnings on the moneys of the Retirement System. Any additional amount  
18 required to meet the interest on the funds of the Retirement System shall be paid from  
19 the pension accumulation fund, and any excess of earnings over such amount required  
20 shall be paid to the pension accumulation fund. Regular interest shall mean such per  
21 centum rate to be compounded annually as shall be determined by the Board of Trustees  
22 on the basis of the interest earnings of the System for the preceding year and of the  
23 probable earnings to be made, in the judgment of the Board, during the immediate  
24 future, such rate to be limited to a minimum of three per centum (3%) and a maximum  
25 of four per centum (4%), with the latter rate applicable during the first year of operation  
26 of the Retirement System.

27 (c) ~~Custodian of Funds; Disbursements; Bond of Director.~~ Funds. – The State  
28 Treasurer shall be the custodian of the several funds and shall invest their assets in  
29 accordance with the provisions of G.S. ~~147-69.2 and 147-69.3.~~ funds.

1 (d) Deposits to Meet Disbursements. – For the purpose of meeting disbursements  
2 for pensions, annuities and other payments there may be kept available cash, not  
3 exceeding ten per centum (10%) of the total amount in the several funds of the  
4 Retirement System, on deposit with the State Treasurer of North Carolina.

5 (e) Personal Profit or Acting as Surety Prohibited. – Except as otherwise herein  
6 provided, no trustee and no employee of the Board of Trustees shall have any direct  
7 interest in the gains or profits of any investment made by the Board of Trustees, nor as  
8 such receive any pay or emolument for his service. No trustee or employee of the Board  
9 shall, directly or indirectly, for himself or as an agent in any manner use the same,  
10 except to make such current and necessary payments as are authorized by the Board of  
11 Trustees; nor shall any trustee or employee of the Board of Trustees become an endorser  
12 or surety or in any manner an obligor for moneys loaned or borrowed from the Board of  
13 Trustees.

14 (f) Retiree Health Benefit Fund. – The Retiree Health Benefit Fund is established  
15 as a fund in which accumulated contributions from employers and any earnings on those  
16 contributions shall be used to provide health benefits to retired and disabled employees  
17 and their applicable beneficiaries as provided by this Chapter. The Retiree Health  
18 Benefit Fund shall be administered in accordance with the provisions of subsection (a)  
19 of this section. Employer contributions to the Fund are irrevocable. The assets of the  
20 Fund are dedicated to providing health benefits to retired and disabled employees and  
21 their applicable beneficiaries as provided by this Chapter and are not subject to the  
22 claims of creditors of the employers making contributions to the Fund."

23 **SECTION 2.** G.S. 128-29 reads as rewritten:

24 "**§ 128-29. Management of funds.**

25 (a) ~~Vested in Board of Trustees.~~ Trustees; Investment of Funds. – The Board of  
26 Trustees shall be the trustee of the several funds created by this Article as provided in  
27 G.S. 128-30. The Board of Trustees of the Teachers' and State Employees' Retirement  
28 System shall have sole authority and responsibility as fiduciary to invest the several  
29 funds as provided in G.S. 135-7A and G.S. 135-7B.

30 (b) Annual Allowance of Regular Interest. – The Board of Trustees annually  
31 shall allow regular interest on the mean amount for the preceding year in each of the  
32 funds with the exception of the expense fund. The amounts so allowed shall be due and  
33 payable to said funds, and shall be annually credited thereto by the Board of Trustees  
34 from interest and other earnings on the moneys of the Retirement System. Any  
35 additional amount required to meet the interest on the funds of the Retirement System  
36 shall be paid from the pension accumulation fund, and any excess of earnings over such  
37 amount required shall be paid to the pension accumulation fund. Regular interest shall  
38 mean interest at the rate of four per centum (4%) per annum with respect to all  
39 calculations and allowances on account of members' contributions and at the rate of  
40 three per centum (3%) per annum with respect to employers' contributions, with the  
41 right reserved to the Board of Trustees to set a different rate or rates from time to time.

42 (c) Custodian of Funds. – The State Treasurer shall be the custodian of the  
43 ~~several funds and shall invest their assets in accordance with the provisions of~~  
44 ~~G.S. 147-69.2 and 147-69.3.~~ funds. All payments from said funds shall be made by him

1 only upon vouchers signed by two persons designated by the Board of Trustees. The  
2 secretary of the Board of Trustees shall furnish said Board a surety bond in a company  
3 authorized to do business in North Carolina in such amount as shall be required by the  
4 Board, the premium to be paid from the expense fund.

5 (d) Cash Deposits for Meeting Disbursements. – For the purpose of meeting  
6 disbursements for pensions, annuities and other payments there may be kept available  
7 cash, not exceeding ten per centum (10%) of the total amount in the several funds of the  
8 Retirement System, on deposit in one or more banks or trust companies of the State of  
9 North Carolina, organized under the laws of the State of North Carolina, or of the  
10 United States: Provided, that the sum on deposit in any one bank or trust company shall  
11 not exceed twenty-five per centum (25%) of the paid up capital and surplus of such  
12 bank or trust company.

13 (e) Selection of Depositories. – The Board of Trustees shall select a bank or  
14 banks for the deposits of the funds and securities of the Retirement System in the same  
15 manner as such banks are selected by the Treasurer of the State of North Carolina. Such  
16 banks selected shall be required to conform to the law governing banks selected by the  
17 State. The funds and properties of the North Carolina Governmental Employees'  
18 Retirement System held in any bank of the State shall be safeguarded by a fidelity and  
19 surety bond, the amount to be determined by the Board of Trustees.

20 (f) Immunity of Funds. – Except as otherwise herein provided, no trustee and no  
21 employee of the Board of Trustees shall have any direct interest in the gains or profits of  
22 any investment made by the Board of Trustees, nor as such receive any pay or  
23 emolument for this service. No trustee or employee of the Board shall, directly or  
24 indirectly, for himself or as an agent in any manner use the same, except to make such  
25 current and necessary payments as are authorized by the Board of Trustees; nor shall  
26 any trustee or employee of the Board of Trustees become an endorser or surety or in any  
27 manner an obligor for moneys loaned or borrowed from the Board of Trustees."

28 **SECTION 3.** Article 1 of Chapter 135 of the General Statutes is amended by  
29 adding two new sections to read:

30 "**§ 135-7A. Investments authorized for funds held by the Board.**

31 (a) This section applies to funds held by the Board of Trustees to the credit of  
32 each of the following:

33 (1) The Teachers' and State Employees' Retirement System.

34 (2) The Consolidated Judicial Retirement System.

35 (3) The Teachers' and State Employees' Comprehensive Major Medical  
36 Plan.

37 (4) The Disability Income Plan.

38 (5) The Local Governmental Employees' Retirement System.

39 (6) The Legislative Retirement System.

40 (7) The Firemen's and Rescue Workers' Pension Fund.

41 (8) The Legislative Retirement Fund.

42 (9) North Carolina National Guard Pension Fund.

43 (10) Death Benefit Trust.

44 (11) Register of Deeds Supplemental Pension Fund.

1       (b) It shall be the duty of the Board of Trustees to invest the cash of the funds  
2 enumerated in subsection (a) of this section in excess of the amount required to meet the  
3 current needs and demands on such funds, selecting from among the following:

4       (1) Any of the investments authorized to the State Treasurer by  
5 G.S. 147-69.1(c)(1)-(7).

6       (2) General obligations of other states of the United States.

7       (3) General obligations of cities, counties, and special districts in North  
8 Carolina.

9       (4) Obligations of any company, other organization, or legal entity  
10 incorporated or otherwise created or located within or outside the  
11 United States if the obligations bear one of the four highest ratings of  
12 at least one nationally recognized rating service and do not bear a  
13 rating below the four highest by any nationally recognized rating  
14 service which rates the particular security.

15       (5) Asset-backed securities (whether considered debt or equity) provided  
16 they bear ratings by nationally recognized rating services as provided  
17 in subdivision (4) of this subsection and that they do not bear a rating  
18 below the four highest by any nationally recognized rating service that  
19 rates the particular securities.

20       (6) Any of the following: (i) insurance contracts that provide for  
21 participation in individual or pooled separate accounts of insurance  
22 companies, (ii) group trusts, (iii) individual, common, or collective  
23 trust funds of banks and trust companies, (iv) real estate investment  
24 trusts, and (v) limited partnerships, whether described as limited  
25 liability partnerships or limited liability companies; provided the  
26 investment manager has assets under management of at least one  
27 hundred million dollars (\$100,000,000); provided such investment  
28 assets are managed primarily for the purpose of investing in or owning  
29 real estate or related debt financing located within or outside the  
30 United States; and provided that the investment authorized by this  
31 subsection shall not exceed ten percent (10%) of the market value of  
32 all invested assets of the Retirement Systems.

33       (7) Preferred or common stocks issued by any company incorporated or  
34 otherwise created or located within or outside the United States  
35 provided the investments meet the conditions of this subdivision.

36       The investments authorized under this subdivision cannot exceed  
37 sixty-five percent (65%) of the market value of all invested assets of  
38 the Retirement Systems. Up to five percent (5%) of the amount that  
39 may be invested under this subdivision may be invested in the stocks  
40 or shares of a diversified investment company registered under the  
41 "Investment Company Act of 1940" that has total assets of at least fifty  
42 million dollars (\$50,000,000).

43       The assets authorized under this subdivision can be invested  
44 through individual, common, or collective trust funds of banks, trust

1 companies, and group trust funds of investment advisory companies so  
2 long as the investment manager has assets under management of at  
3 least one hundred million dollars (\$100,000,000).

4 The assets authorized under this subdivision can also be invested  
5 directly, if all of the following conditions are met:

6 a. The common stock or preferred stock of such corporation is  
7 registered on a national securities exchange as provided in the  
8 Federal Securities Exchange Act or quoted through the National  
9 Association of Securities Dealers' Automated Quotations  
10 (NASDAQ) system.

11 b. The corporation has paid a cash dividend on its common stock  
12 in each year of the five-year period next preceding the date of  
13 investment and the aggregate net earnings available for  
14 dividends on the common stock of the corporation for the whole  
15 of that period have been at least equal to the amount of the  
16 dividends paid.

17 c. In applying the dividend and earnings test under this section to  
18 any issuing, assuming, or guaranteeing corporation, if the  
19 corporation acquired its property or any substantial part thereof  
20 within a five-year period immediately preceding the date of  
21 investment by consolidation, merger, or by the purchase of all  
22 or a substantial portion of the property of any other corporation  
23 or corporations, or acquired the assets of any unincorporated  
24 business enterprise by purchase or otherwise, the dividends and  
25 net earnings of the several predecessor or constituent  
26 corporations or enterprises shall be consolidated and adjusted so  
27 as to ascertain whether or not the applicable requirements of  
28 this subdivision have been complied with.

29 No more than one and one-half percent (1 1/2%) of the  
30 market value of the Retirement Systems' assets that may be  
31 invested under this subdivision can be invested in the stock of a  
32 single corporation, and the total number of shares in that single  
33 corporation cannot exceed eight percent (8%) of the issued and  
34 outstanding stock of that corporation.

35 d. That investments may be made in securities convertible into  
36 common stocks issued by any such company, if such securities  
37 bear one of the four highest ratings of at least one nationally  
38 recognized rating service and do not bear a rating below the  
39 four highest by any nationally recognized rating service which  
40 may then rate the particular security.

41 (8) Limited partnership interests in a partnership or in interests in a limited  
42 liability company if the primary purpose of the partnership or limited  
43 liability company is to invest in public or private debt, public or  
44 private equity, or corporate buyout transactions, within or outside the

1            United States. The amount invested under this subdivision shall not  
2            exceed five percent (5%) of the market value of all invested assets of  
3            the Retirement Systems.

4            (c) With respect to investments authorized by subdivisions (7) and (8) of  
5            subsection (b) of this section, the Board of Trustees shall appoint an Investment  
6            Advisory Committee, which shall consist of five members: the State Treasurer, who  
7            shall be chairman ex officio; two members selected from among the members of the  
8            boards of trustees of the Retirement Systems; and two members selected from the  
9            general public. The two public members must have experience in one or more of the  
10           following areas: investment management, real estate investment trusts, real estate  
11           development, venture capital investment, or absolute return strategies. The Board of  
12           Trustees shall also appoint a Secretary of the Investment Advisory Committee who need  
13           not be a member of the committee. Members of the committee shall receive for their  
14           services the same per diem and allowances granted to members of State boards and  
15           commissions generally. The committee shall have advisory powers only and  
16           membership shall not be deemed a public office within the meaning of Article VI,  
17           Section 9 of the Constitution of North Carolina or G.S. 128-1.1.

18           **"§ 135-7B. Administration of Board's investment programs.**

19           (a) The Board of Trustees shall establish, maintain, administer, manage, and  
20           operate within the Department of State Treasurer one or more investment programs for  
21           the deposit and investment of assets pursuant to the provisions of G.S. 135-7A and  
22           G.S. 135-7B.

23           (b) The Board of Trustees' investment programs shall be so managed that in the  
24           judgment of the Board funds may be readily converted into cash when needed.

25           (c) The total return earned on investments shall accrue pro rata to the fund whose  
26           assets are invested according to the formula prescribed by the Board of Trustees with  
27           the approval of the Governor and Council of State.

28           (d) The Board of Trustees has full powers as a fiduciary to hold, purchase, sell,  
29           assign, transfer, lend, and dispose of any of the securities or investments in which any of  
30           the programs created pursuant to this section have been invested and may reinvest the  
31           proceeds from the sale of those securities or investments and any other investable assets  
32           of the program.

33           (e) The cost of administration, management, and operation of investment  
34           programs established pursuant to this section shall be apportioned equitably among the  
35           programs in such manner as may be prescribed by the Board of Trustees, such costs to  
36           be paid from each program, and to the extent not otherwise chargeable directly to the  
37           income or assets of the specific investment program or pooled investment vehicle, shall  
38           be deposited with the State Treasurer as a General Fund nontax revenue. The cost of  
39           administration, management, and operation of investment programs established  
40           pursuant to this section and not directly paid from the income or assets of such program  
41           shall be covered by an appropriation to the Board of Trustees for this purpose in the  
42           Current Operations Appropriations Act.

43           (f) The Board of Trustees may retain the services of independent appraisers,  
44           auditors, actuaries, attorneys, investment counseling firms, statisticians, custodians, or

1 other persons or firms possessing specialized skills or knowledge necessary for the  
2 proper administration of investment programs created pursuant to this section.

3 (g) The Board of Trustees shall prepare, as of the end of each fiscal year, a report  
4 on the financial condition of each investment program created pursuant to this section.  
5 A copy of each report shall be submitted within 30 days following the end of the fiscal  
6 year to the official, institution, board, commission or other agency whose funds are  
7 invested, the State Auditor, and the chairs of the Finance Committees of the House of  
8 Representatives and the Senate.

9 (h) The Board of Trustees shall report at least twice a year to the General  
10 Assembly, through the Finance Committees of the House of Representatives and the  
11 Senate, on the investment programs created under this section. The Board of Trustees  
12 shall present the reports to a joint meeting of the Finance Committees. The chairs of the  
13 Finance Committees may receive the reports and call the meetings. The Finance  
14 Committees may meet during the interim as necessary to hear the reports from the  
15 Board of Trustees. The Board of Trustees' report and presentation to the Finance  
16 Committees shall include all of the following:

17 (1) A full and complete statement of all moneys invested by virtue of the  
18 provisions of G.S. 135-7A and G.S. 135-7B.

19 (2) The nature and character of the investments.

20 (3) The revenues derived from the investments.

21 (4) The costs of administering, managing, and operating the investment  
22 programs, including the recapture of any investment commissions.

23 (5) A statement of the investment policies for the revenues invested.

24 (6) Any other information that may be helpful in understanding the State  
25 Treasurer's investment policies and investment results.

26 (7) Any other information requested by the Finance Committees.

27 (i) The Board of Trustees shall report the incentive bonus paid to the Chief  
28 Investment Officer to the Joint Legislative Commission on Governmental Operations by  
29 October 1 of each year.

30 (j) The Board of Trustees shall adopt any rules necessary to carry out the  
31 provisions of this section."

32 **SECTION 4.** G.S. 147-69.2 reads as rewritten:

33 **"§ 147-69.2. Investments authorized for special funds held by State Treasurer.**

34 (a) This section applies to funds held by the State Treasurer to the credit of each  
35 of the following:

36 (1) ~~The Teachers' and State Employees' Retirement System.~~

37 (2) ~~The Consolidated Judicial Retirement System.~~

38 (3) ~~The Teachers' and State Employees' Hospital and Medical Insurance~~  
39 ~~Plan.~~

40 (4) ~~The General Assembly Medical and Hospital Care Plan.~~

41 (5) ~~The Disability Salary Continuation Plan.~~

42 (6) ~~The Firemen's and Rescue Workers' Pension Fund.~~

43 (7) ~~The Local Governmental Employees' Retirement System.~~

44 (8) ~~The Legislative Retirement System.~~

- 1           ~~(9)~~    The Escheat Fund.  
2           ~~(10)~~ ~~The Legislative Retirement Fund.~~  
3           (11)    The State Education Assistance Authority.  
4           (12)    The State Property Fire Insurance Fund.  
5           (13)    The Stock Workers' Compensation Fund.  
6           (14)    The Mutual Workers' Compensation Fund.  
7           (15)    The Public School Insurance Fund.  
8           (16)    The Liability Insurance Trust Fund.  
9           (16a) The University of North Carolina Hospitals at Chapel Hill funds,  
10           except appropriated funds, deposited with the State Treasurer pursuant  
11           to G.S. 116-37.2.  
12           (17)    Trust funds of The University of North Carolina and its constituent  
13           institutions deposited with the State Treasurer pursuant to  
14           G.S. 116-36.1.  
15           (17a) North Carolina Veterans Home Trust Fund.  
16           ~~(17b)~~ ~~North Carolina National Guard Pension Fund.~~  
17           (17c) Retiree Health Premium Reserve Account.  
18           (17d) The Election Fund.  
19           (17e) The North Carolina State Lottery Fund.  
20           (17f) Funds deposited with the State Treasurer by public hospitals pursuant  
21           to G.S. 159-39(g).  
22           (18)    Any other special fund created by or pursuant to law for purposes  
23           other than meeting appropriations made pursuant to the Executive  
24           Budget Act.  
25       (b)    It shall be the duty of the State Treasurer to invest the cash of the funds  
26       enumerated in subsection (a) of this section in excess of the amount required to meet the  
27       current needs and demands on such funds, selecting from among the following:  
28           (1)    Any of the investments authorized by G.S. 147-69.1(c)(1)-(7).  
29           (2)    General obligations of other states of the United States.  
30           (3)    General obligations of cities, counties and special districts in North  
31           Carolina.  
32           (4)    Obligations of any company, other organization or legal entity  
33           incorporated or otherwise created or located within or outside the  
34           United States if the obligations bear one of the four highest ratings of  
35           at least one nationally recognized rating service and do not bear a  
36           rating below the four highest by any nationally recognized rating  
37           service which rates the particular security.  
38           (5)    Repealed by Session Laws 2001-444, s. 2, effective October 1, 2001.  
39           (6)    Asset-backed securities (whether considered debt or equity) provided  
40           they bear ratings by nationally recognized rating services as provided  
41           in G.S. 147-69.2(b)(4) and that they do not bear a rating below the four  
42           highest by any nationally recognized rating service that rates the  
43           particular securities.



1           (7) ~~With respect to Retirement Systems' assets referred to in~~  
2 ~~G.S. 147-69.2(b)(8), (i) insurance contracts that provide for~~  
3 ~~participation in individual or pooled separate accounts of insurance~~  
4 ~~companies, (ii) group trusts, (iii) individual, common, or collective~~  
5 ~~trust funds of banks and trust companies, (iv) real estate investment~~  
6 ~~trusts, and (v) limited partnerships, whether described as limited~~  
7 ~~liability partnerships or limited liability companies; provided the~~  
8 ~~investment manager has assets under management of at least one~~  
9 ~~hundred million dollars (\$100,000,000); provided such investment~~  
10 ~~assets are managed primarily for the purpose of investing in or owning~~  
11 ~~real estate or related debt financing located within or outside the~~  
12 ~~United States; and provided that the investment authorized by this~~  
13 ~~subsection shall not exceed ten percent (10%) of the market value of~~  
14 ~~all invested assets of the Retirement Systems.~~

15           (8) ~~With respect to assets of the Teachers' and State Employees'~~  
16 ~~Retirement System, the Consolidated Judicial Retirement System, the~~  
17 ~~Firemen's and Rescue Workers' Pension Fund, the Local~~  
18 ~~Governmental Employees' Retirement System, the Legislative~~  
19 ~~Retirement System, the North Carolina National Guard Pension Fund~~  
20 ~~(hereinafter referred to collectively as the Retirement Systems), and~~  
21 ~~assets invested pursuant to subdivision (b2) of this section, they may~~  
22 ~~be invested in preferred or common stocks issued by any company~~  
23 ~~incorporated or otherwise created or located within or outside the~~  
24 ~~United States provided the investments meet the conditions of this~~  
25 ~~subdivision.~~

26           ~~The investments authorized for the Retirement Systems under this~~  
27 ~~subdivision cannot exceed sixty five percent (65%) of the market~~  
28 ~~value of all invested assets of the Retirement Systems. Up to five~~  
29 ~~percent (5%) of the amount that may be invested under this~~  
30 ~~subdivision may be invested in the stocks or shares of a diversified~~  
31 ~~investment company registered under the "Investment Company Act of~~  
32 ~~1940" that has total assets of at least fifty million dollars~~  
33 ~~(\$50,000,000).~~

34           ~~The assets authorized under this subdivision can be invested~~  
35 ~~through individual, common, or collective trust funds of banks, trust~~  
36 ~~companies, and group trust funds of investment advisory companies so~~  
37 ~~long as the investment manager has assets under management of at~~  
38 ~~least one hundred million dollars (\$100,000,000).~~

39           ~~The assets authorized under this subdivision can also be invested~~  
40 ~~directly, if all of the following conditions are met:~~

41           a. ~~The common stock or preferred stock of such corporation is~~  
42 ~~registered on a national securities exchange as provided in the~~  
43 ~~Federal Securities Exchange Act or quoted through the National~~

1 Association of Securities Dealers' Automated Quotations  
2 (NASDAQ) system.

3 b. The corporation has paid a cash dividend on its common stock  
4 in each year of the 5-year period next preceding the date of  
5 investment and the aggregate net earnings available for  
6 dividends on the common stock of the corporation for the whole  
7 of that period have been at least equal to the amount of the  
8 dividends paid.

9 c. In applying the dividend and earnings test under this section to  
10 any issuing, assuming, or guaranteeing corporation, if the  
11 corporation acquired its property or any substantial part thereof  
12 within a five-year period immediately preceding the date of  
13 investment by consolidation, merger, or by the purchase of all  
14 or a substantial portion of the property of any other corporation  
15 or corporations, or acquired the assets of any unincorporated  
16 business enterprise by purchase or otherwise, the dividends and  
17 net earnings of the several predecessor or constituent  
18 corporations or enterprises shall be consolidated and adjusted so  
19 as to ascertain whether or not the applicable requirements of  
20 this subdivision have been complied with.

21 No more than one and one-half percent (1 1/2%) of the  
22 market value of the Retirement Systems' assets that may be  
23 invested under this subdivision can be invested in the stock of a  
24 single corporation, and the total number of shares in that single  
25 corporation cannot exceed eight percent (8%) of the issued and  
26 outstanding stock of that corporation.

27 d. to f. Repealed by Session Laws 2001-444, s. 2, effective  
28 October 1, 2001.

29 g. That investments may be made in securities convertible into  
30 common stocks issued by any such company, if such securities  
31 bear one of the four highest ratings of at least one nationally  
32 recognized rating service and do not bear a rating below the  
33 four highest by any nationally recognized rating service which  
34 may then rate the particular security.

35 (9) ~~With respect to Retirement Systems' assets, as defined in subdivision~~  
36 ~~(b)(8) of this subsection, they may be invested in limited partnership~~  
37 ~~interests in a partnership or in interests in a limited liability company if~~  
38 ~~the primary purpose of the partnership or limited liability company is~~  
39 ~~to invest in public or private debt, public or private equity, or corporate~~  
40 ~~buyout transactions, within or outside the United States. The amount~~  
41 ~~invested under this subdivision shall not exceed five percent (5%) of~~  
42 ~~the market value of all invested assets of the Retirement Systems.~~

43 (10) Recodified as part of subdivision (b)(9) by Session Laws 2000-160, s.  
44 2.

1           (11) With respect to assets of the Escheat Fund, obligations of the North  
2           Carolina Global TransPark Authority authorized by G.S. 63A-4(a)(22),  
3           not to exceed twenty-five million dollars (\$25,000,000), that have a  
4           final maturity not later than October 1, 2007. The obligations shall  
5           bear interest at the rate set by the State Treasurer. No commitment to  
6           purchase obligations may be made pursuant to this subdivision after  
7           September 1, 1993, and no obligations may be purchased after  
8           September 1, 1994. In the event of a loss to the Escheat Fund by  
9           reason of an investment made pursuant to this subdivision, it is the  
10          intention of the General Assembly to hold the Escheat Fund harmless  
11          from the loss by appropriating to the Escheat Fund funds equivalent to  
12          the loss.

13           If any part of the property owned by the North Carolina Global  
14          TransPark Authority now or in the future is divested, proceeds of the  
15          divestment shall be used to fulfill any unmet obligations on an  
16          investment made pursuant to this subdivision.

17          (12) With respect to assets of the Escheat Fund, in addition to those  
18          investments authorized by subdivisions (1) through (6) of this  
19          subsection, up to twenty percent (20%) in the investments authorized  
20          under subdivisions (7) through (9) of this subsection, notwithstanding  
21          the limitations imposed on the retirement funds under those  
22          subdivisions.

23          ~~(b1) With respect to investments authorized by subsections (b)(8) and (b)(9) of~~  
24          ~~this section, the State Treasurer shall appoint an Investment Advisory Committee,~~  
25          ~~which shall consist of five members: the State Treasurer, who shall be chairman ex~~  
26          ~~officio; two members selected from among the members of the boards of trustees of the~~  
27          ~~Retirement Systems; and two members selected from the general public. The two public~~  
28          ~~members must have experience in one or more of the following areas: investment~~  
29          ~~management, real estate investment trusts, real estate development, venture capital~~  
30          ~~investment, or absolute return strategies. The State Treasurer shall also appoint a~~  
31          ~~Secretary of the Investment Advisory Committee who need not be a member of the~~  
32          ~~committee. Members of the committee shall receive for their services the same per diem~~  
33          ~~and allowances granted to members of the State boards and commissions generally. The~~  
34          ~~committee shall have advisory powers only and membership shall not be deemed a~~  
35          ~~public office within the meaning of Article VI, Section 9 of the Constitution of North~~  
36          ~~Carolina or G.S. 128-1.1.~~

37          (b2) The State Treasurer may invest funds deposited pursuant to subdivision  
38          (a)(17e) of this section in any of the investments authorized under subdivisions (1)  
39          through (6) and subdivision (8) of subsection (b) of this section. The State Treasurer  
40          may require a minimum deposit, up to one hundred thousand dollars (\$100,000), and  
41          may assess a reasonable fee, not to exceed 15 basis points, as a condition of  
42          participation pursuant to this subsection. Funds deposited pursuant to this subsection by  
43          a hospital shall remain the funds of that hospital, and interest or other investment  
44          income earned thereon shall be prorated and credited to the contributing hospital on the

1 basis of the amounts thereof contributed, figured according to sound accounting  
2 principles.

3 (b3) The State Treasurer may invest funds deposited pursuant to subdivision  
4 (a)(16a) of this section in any of the investments authorized under subdivisions (1)  
5 through (6) and subdivision (8) of subsection (b) of this section. The State Treasurer  
6 may require a minimum deposit, up to one hundred thousand dollars (\$100,000), and  
7 may assess a reasonable fee, not to exceed 15 basis points, as a condition of  
8 participation pursuant to this subsection. Funds deposited pursuant to this subsection by  
9 the University of North Carolina Hospitals at Chapel Hill shall remain the funds of the  
10 University of North Carolina Hospitals at Chapel Hill, and interest or other investment  
11 income earned thereon shall be prorated and credited to the University of North  
12 Carolina Hospitals at Chapel Hill on the basis of the amounts thereof contributed,  
13 figured according to sound accounting principles."

14 **SECTION 5.** This act becomes effective July 1, 2007.