

FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB2254 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Ty Burns

Reading Clerk

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 FLOOR SUBSTITUTE
4 FOR

5 HOUSE BILL NO. 2254

By: Burns, Boatman, and Hill of
the House

6 and

7 Stewart of the Senate

8
9 FLOOR SUBSTITUTE

10 [public finance - Tobacco Settlement Endowment Trust
11 Fund - investments - venture capital - effective
12 date]

13
14
15 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

16 SECTION 1. AMENDATORY 62 O.S. 2021, Section 2306, is
17 amended to read as follows:

18 Section 2306. A. The Board of Investors of the Tobacco
19 Settlement Endowment Trust Fund shall discharge their duties as
20 trustees of the Tobacco Settlement Endowment Trust Fund:

21 1. With the care, skill, prudence, and diligence, under the
22 circumstances then prevailing, that a prudent person acting in a
23 like capacity and familiar with such matters would use in the
24 conduct of an enterprise of a like character and with like aims;

1 2. By diversifying the investments in the trust fund so as to
2 minimize the risk of large losses, unless, under the circumstances,
3 it is clearly prudent not to do so; ~~and~~

4 3. In accordance with the laws, documents, and instruments
5 governing the trust fund;

6 4. By investment of at least four percent (4%) of funds in
7 eligible Oklahoma venture capital companies or eligible Oklahoma
8 venture capital fund of funds;

9 5. As used in this section, "eligible Oklahoma venture capital
10 company" means a business entity that meets the definition of
11 "venture capital fund" set forth in 17 CFR Section 275.203(1)-1 and
12 which:

13 a. has five (5) or more investors, and no investor,
14 including their closely related family members and
15 affiliates may own or have a capital interest in more
16 than forty percent (40%) of the eligible Oklahoma
17 venture capital company's capitalization,

18 b. as used in this subsection, "closely related" means
19 any of the following in relation to the investor or
20 the investor's spouse:

21 (1) parents or grandparents,

22 (2) children, grandchildren or their spouses, or

23 (3) siblings or their spouses and their children;

24 c. has either:

1 (1) its principal place of business in the State of
2 Oklahoma, or

3 (2) has more than fifty percent (50%) of its assets,
4 operations, and employees in the State of
5 Oklahoma; and

6 d. is included on the list maintained by the Oklahoma
7 Department of Commerce pursuant to subsection D of
8 Section 2401 of this title.

9 "Eligible Oklahoma venture capital company" shall also include
10 any special purpose vehicle created and managed by an eligible
11 Oklahoma venture capital company for the sole purpose of investing
12 in a single eligible Oklahoma business venture; and

13 6. "Eligible Oklahoma venture capital fund of funds" means a
14 business entity that invests more than fifty percent (50%) of its
15 aggregate capital contributions and uncalled committed capital in
16 the equity of "venture capital funds" as defined in 17 CFR Section
17 275.203(1)-1 and that meets the requirements set forth in
18 subparagraphs a through d of paragraph 5 of this subsection.

19 B. The Board of Investors shall retain qualified investment
20 managers, eligible Oklahoma venture capital companies, or eligible
21 Oklahoma venture fund of funds, as applicable, to provide for the
22 investment of the monies of the trust fund. The investment
23 managers, eligible Oklahoma venture capital companies, or eligible
24 Oklahoma venture fund of funds, shall be chosen by a solicitation of

1 proposals on a competitive basis pursuant to standards set by the
2 Board of Investors. The investment managers, eligible Oklahoma
3 venture capital companies, or eligible Oklahoma venture fund of
4 funds, shall manage those monies of the trust fund allocated to the
5 investment managers, eligible Oklahoma venture capital companies, or
6 eligible Oklahoma venture fund of funds, in compliance with the
7 overall investment guidelines set by the Board of Investors. The
8 monies of the trust fund allocated to the investment managers,
9 eligible Oklahoma venture capital companies, or eligible Oklahoma
10 venture fund of funds, shall be managed by the investment managers,
11 eligible Oklahoma venture capital companies, or eligible Oklahoma
12 venture fund of funds, in accordance with the investment guidelines
13 and other directions of the Board of Investors. The investment
14 managers, eligible Oklahoma venture capital companies, or eligible
15 Oklahoma venture fund of funds may sell investments and realize
16 losses if such action is considered advantageous to longer-term
17 return maximization. Because of the total return objective, no
18 distinction shall be made for management and performance evaluation
19 purposes between realized and unrealized capital gains and losses.
20 The Board of Investors may have the State Treasurer manage those
21 monies not specifically allocated to the investment managers,
22 eligible Oklahoma venture capital companies, or eligible Oklahoma
23 venture fund of funds.

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1 C. The trust fund may be invested in the manner in which a
2 prudent person would invest it and consistent with the manner that
3 state retirement funds are invested. Investment as required by
4 paragraph 4 of subsection A of this section is deemed to be prudent.

5 D. The Board of Investors shall select a custodial bank to
6 settle transactions involving the investment of funds in the trust
7 fund and to hold custody of the securities in the trust fund
8 portfolio. The custodian shall be a bank or trust company offering
9 pension fund master trustee and master custodial services. The
10 custodian shall be chosen by a solicitation of proposals on a
11 competitive basis pursuant to standards set by the Board of
12 Investors. The Board of Investors may also select professional
13 investment consultants, attorneys, auditors, and actuaries to assist
14 the Board of Investors in carrying out its fiduciary
15 responsibilities. All these professionals shall be selected by a
16 solicitation of proposals on a competitive basis pursuant to
17 standards set by the Board of Investors.

18 E. The Board of Investors shall choose the professional
19 custodians and managers of the assets of the trust fund, eligible
20 Oklahoma venture capital companies, or eligible Oklahoma venture
21 fund of funds, shall establish investment and fund management
22 guidelines, and shall adopt an investment policy. The selection of
23 investment managers, eligible Oklahoma venture capital companies, or
24 eligible Oklahoma venture fund of funds, investment consultants,

1 auditors, and actuaries, and a custodian bank shall be exempt from
2 the provisions of the Oklahoma Central Purchasing Act.

3 F. The Board of Investors shall set aside cash reserves from
4 the earnings of the Tobacco Settlement Endowment Trust Fund if
5 requested by the Board of Directors of the Tobacco Settlement
6 Endowment Trust Fund pursuant to subsection B of Section ~~10~~ 2310 of
7 this ~~act~~ title.

8 G. The State Treasurer shall provide any necessary staff
9 support to the Board of Investors. The cost of up to two full-time-
10 equivalent employees for the Office of the State Treasurer may be
11 considered as an administrative expense of the trust fund. However,
12 the amount provided to the State Treasurer for this purpose shall be
13 determined by the Board of Directors of the Tobacco Settlement
14 Endowment Trust Fund.

15 SECTION 2. This act shall become effective November 1, 2023.

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17 59-1-8034 MAH 03/21/23

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