



State Treasurer Denise Nappier

2000 REFORM PACKAGE

"Adding value to the investment decision-making process."

1. INVESTMENT POLICY STATEMENT

All pension fund investments should be made in accordance with a written Investment Policy Statement prepared in consultation with the Investment Advisory Council and adopted by the Treasurer. The Policy Statement, the Council's comments, and the Treasurer's response shall all be public.

2. PROCUREMENT OF INVESTMENT RELATED SERVICES

The statutes should underscore the Treasurer's fiduciary responsibility to exercise "care, skill and caution" and formalize the Investment Advisory Council's role in the process.

3. LIMITATION ON PRINCIPAL INVESTMENT AUTHORITY

No investments in private equities or real estate may be made by a lame duck Treasurer without the approval of the Investment Advisory Council.

4. EXTENDING COMPLETE DISCLOSURE

Disclosure requirements implemented administratively by Treasurer Nappier should be made law and extended to quasi-public authorities with similar functions. Disclosure of any financial relationship with companies or subcontractors by Treasury employees should be extended to members of the Investment Advisory Council and quasi-public authorities.

5. PROHIBITING DIRECTION OF FEES

The Treasurer should be barred from directing the payment of any fees to third parties in connection with Treasury transactions.

6. ELIMINATION OF POLITICAL INFLUENCE PEDDLING

No fees may be paid to effectuate investment transactions with the Treasury except to securities professionals.

7. LIMITATION ON CAMPAIGN CONTRIBUTIONS

Anyone receiving a payment in connection with a Treasury transaction, whether as a direct contractor or sub-contractor, should be barred from making contributions to the campaign of any candidate for statewide office.

8. PENALTIES FOR MISCONDUCT

Appropriate civil and criminal penalties should be established in connection with each of these provisions and, in the case of any civil or criminal financial penalty imposed, the proceeds should be payable to the pension fund.

9. ELECTION OF THE TREASURER

If the Office of State Treasurer becomes vacant while the General Assembly is not in session, the Governor shall immediately call a special election to fill the vacancy.

10. FULLY FUNDED PENSION FUND

Funding the State Pension Fund at 100% of the actuarially recommended annual contributions will contribute to strengthening the Fund and the future financial security of the participants and beneficiaries.

11. CAMPAIGN FINANCE REFORM

Public financing of campaigns is critical if we are to break the link – whether in reality or in the mind of an increasingly cynical public – between campaign contributions and government decisions made by successful