

SB 306

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WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1994



ENROLLED

SENATE BILL NO. 306

(By Senator Burdette, Mr. President)



PASSED March 9, 1994

In Effect fray Passage

E N R O L L E D

Senate Bill No. 306

(BY SENATOR BURDETTE, MR. PRESIDENT)

[Passed March 9, 1994; in effect from passage.]

AN ACT to amend and reenact section twenty-two-a, article thirteen, chapter eight of the code of West Virginia, one thousand nine hundred thirty-one, as amended; to further amend said article by adding thereto a new section, designated section twenty-two-c; to amend and reenact section eleven, article twenty-two of said chapter; and to further amend said article by adding thereto a new section, designated section eleven-a, all relating to the approved means of investing municipal funds; permitting investments in federally-issued, backed or guaranteed instruments, including mortgages on real property situate in the state or in highly rated pooled trusts; opening investment options in certain mutual funds and in the securities and commercial paper of private organizations, banks, trusts and savings organizations; imposing portfolio limitations on specified investments; establishing approved investment instruments for the retirement system assets of Class I, II and III municipalities; permitting investments in federally guaranteed, backed or issued instruments, including mortgages on real property situate in the state or in highly rated pooled trusts; opening investment options in certain mutual funds and in the securities and commercial paper of private corporations,

banks, trusts and savings organizations; and imposing portfolio limitations on specified investments.

Be it enacted by the Legislature of West Virginia:

That section twenty-two-a, article thirteen, chapter eight of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted; that said article be further amended by adding thereto a new section, designated section twenty-two-c; that section eleven, article twenty-two of said chapter be amended and reenacted; and to further amend said article by adding thereto a new section, designated section eleven-a, all to read as follows:

ARTICLE 13. TAXATION AND FINANCE.

PART VI. ACCOUNTING PRINCIPLES; FUNDS; DISBURSEMENTS.

§8-13-22a. Investment of municipal funds.

1 All municipal funds, the investment of which is not
2 governed by other provisions of this code and not
3 required for the payment of current obligations and
4 not otherwise prohibited, may be invested and rein-
5 vested in:

6 (1) Any direct obligation of, or obligation guaranteed
7 as to the payment of both principal and interest by,
8 the United States of America;

9 (2) Any evidence of indebtedness issued by any
10 United States government agency guaranteed as to the
11 payment of both principal and interest, directly or
12 indirectly, by the United States of America including,
13 but not limited to, the following: Government national
14 mortgage association, federal land banks, federal home
15 loan banks, federal intermediate credit banks, banks
16 for cooperatives, Tennessee valley authority, United
17 States postal service, farmers home administration,
18 export-import bank, federal financing bank, federal
19 home loan mortgage corporation, student loan market-
20 ing association and federal farm credit banks;

21 (3) Any evidence of indebtedness issued by the
22 federal national mortgage association to the extent
23 such indebtedness is guaranteed by the government

24 national mortgage association;

25 (4) Any evidence of indebtedness that is secured by
26 a first lien deed of trust or mortgage upon real
27 property situate within this state, if the payment
28 thereof is substantially insured or guaranteed by the
29 United States of America or ^{PH}any agency thereof;

30 (5) Direct and general obligations of this state;

31 (6) Any undivided interest in a trust, the corpus of
32 which is restricted to mortgages on real property and,
33 unless all of such property is situate within the state
34 and insured, such trust at the time of the acquisition
35 of such undivided interest, is rated in one of the three
36 highest rating grades by an agency which is nationally
37 known in the field of rating pooled mortgage trusts;

38 (7) Any bond, note, debenture, commercial paper or
39 other evidence of indebtedness of any private corpora-
40 tion or association: *Provided*, That any such security is,
41 at the time of its acquisition, rated in one of the three
42 highest rating grades by an agency which is nationally
43 known in the field of rating corporate securities:
44 *Provided, however*, That if any commercial paper or
45 any such security will mature within one year from
46 the date of its issuance, it shall, at the time of its
47 acquisition, be rated in one of the two highest rating
48 grades by any such nationally known agency and
49 commercial paper or other evidence of indebtedness of
50 any private corporation or association shall be pur-
51 chased only upon the written recommendation from
52 an investment advisor that has over three hundred
53 million dollars in other funds under its management;

54 (8) Negotiable certificates of deposit issued by any
55 bank, trust company, national banking association or
56 savings institution which mature in less than one year
57 and are fully collateralized;

58 (9) Interest earning deposits including certificates of
59 deposit, with any duly designated state depository,
60 which deposits are fully secured by a collaterally
61 secured bond as provided in section four, article one,
62 chapter twelve of this code; and

63 (10) Mutual funds registered with the securities and
64 exchange commission which have assets in excess of
65 three hundred million dollars.

§8-13-22c. Restrictions on investment.

1 Moneys invested as permitted by section eleven of
2 this article are subject to the restrictions and condi-
3 tions contained in this section:

4 (1) At no time may more than seventy-five percent
5 of the portfolio of either fund be invested in securities
6 described in subdivision (7), section eleven of this
7 article;

8 (2) At no time may more than twenty percent of the
9 portfolio of either fund be invested in securities
10 described in subdivision (7), section eleven of this
11 article which mature within one year from the date of
12 issuance thereof;

13 (3) At no time may more than nine percent of the
14 portfolio be invested in securities issued by a single
15 private corporation or association; and

16 (4) At no time may more than sixty percent of the
17 portfolio be invested in equity mutual funds under
18 subdivision (10), section eleven of this article.

**ARTICLE 22. RETIREMENT BENEFITS GENERALLY; POLICEMEN'S
PENSION AND RELIEF FUND; FIREMEN'S PENSION
AND RELIEF FUND; PENSION PLANS FOR
EMPLOYEES OF WATERWORKS SYSTEM, SEWER-
AGE SYSTEM OR COMBINED WATERWORKS AND
SEWERAGE SYSTEM.**

PART II. GENERAL RETIREMENT SYSTEMS FOR CLASS I,
II AND III CITIES.

§8-22-11. Investment of funds.

1 The board shall keep as an available sum for the
2 purpose of making retirement, disability and death
3 payments and administration expense an amount
4 estimated to meet such payments for a period not to
5 exceed ninety days. The board in acquiring, investing,
6 reinvesting, exchanging, retaining, selling and manag-

7 ing property for the benefit of the fund shall exercise
8 judgment and care which persons of experience,
9 prudence, discretion and intelligence exercise in the
10 management of financial affairs, considering the
11 probable income as well as the probable security of the
12 investment and with regard to the permanent disposi-
13 tion of the fund. Within the limitations of the forego-
14 ing standard, the board is authorized in its sole
15 discretion to invest and reinvest any funds received by
16 it in the following:

17 (1) Any direct obligation of, or obligation guaranteed
18 as to the payment of both principal and interest by,
19 the United States of America;

20 (2) Any evidence of indebtedness issued by any
21 United States government agency guaranteed as to the
22 payment of both principal and interest, directly or
23 indirectly, by the United States of America including,
24 but not limited to, the following: Government national
25 mortgage association, federal land banks, federal home
26 loan banks, federal intermediate credit banks, banks
27 for cooperatives, Tennessee valley authority, United
28 States postal service, farmers home administration,
29 export-import bank, federal financing bank, federal
30 home loan mortgage corporation, student loan market-
31 ing association and federal farm credit banks;

32 (3) Any evidence of indebtedness issued by the
33 federal national mortgage association to the extent
34 such indebtedness is guaranteed by the government
35 national mortgage association;

36 (4) Any evidence of indebtedness that is secured by
37 a first lien deed of trust or mortgage upon real
38 property situate within this state, if the payment
39 thereof is substantially insured or guaranteed by the
40 United States of America of any agency thereof;

41 (5) Direct and general obligations of this state;

42 (6) Any undivided interest in a trust, the corpus of
43 which is restricted to mortgages on real property and,
44 unless all of such property is situate within the state
45 and insured, such trust at the time of the acquisition

46 of such undivided interest, is rated in one of the three
47 highest rating grades by an agency which is nationally
48 known in the field of rating pooled mortgage trusts;

49 (7) Any bond, note, debenture, commercial paper or
50 other evidence of indebtedness of any private corpora-
51 tion or association: *Provided*, That any such security is,
52 at the time of its acquisition, rated in one of the three
53 highest rating grades by an agency which is nationally
54 known in the field of rating corporate securities:
55 *Provided, however*, That if any commercial paper or
56 any such security will mature within one year from
57 the date of its issuance, it shall, at the time of its
58 acquisition, be rated in one of the two highest rating
59 grades by any such nationally known agency and
60 commercial paper or other evidence of indebtedness of
61 any private corporation or association shall be pur-
62 chased only upon the written recommendation from
63 an investment advisor that has over three hundred
64 million dollars in other funds under its management;

65 (8) Negotiable certificates of deposit issued by any
66 bank, trust company, national banking association or
67 savings institution which mature in less than one year
68 and are fully collateralized;

69 (9) Interest earning deposits including certificates of
70 deposit, with any duly designated state depository,
71 which deposits are fully secured by a collaterally
72 secured bond as provided in section four, article one,
73 chapter twelve of this code; and

74 (10) Mutual funds registered with the securities and
75 exchange commission which have assets in excess of
76 three hundred million dollars.

§8-22-11a. Restrictions on investment.

1 Moneys invested as permitted by section eleven of
2 this article are subject to the restrictions and condi-
3 tions contained in this section:

4 (1) At no time may more than seventy-five percent
5 of the portfolio of either fund be invested in securities
6 described in subdivision (7), section eleven of this
7 article;

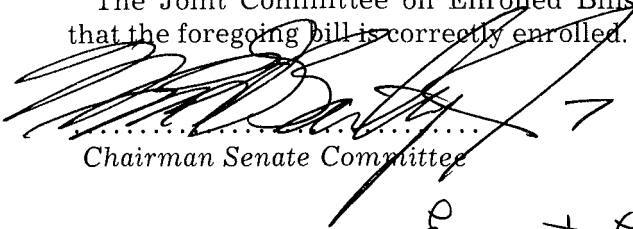
8 (2) At no time may more than twenty percent of the
9 portfolio of either fund be invested in securities
10 described in subdivision (7), section eleven of this
11 article which mature within one year from the date of
12 issuance thereof;

13 (3) At no time may more than nine percent of the
14 portfolio be invested in securities issued by a single
15 private corporation or association;

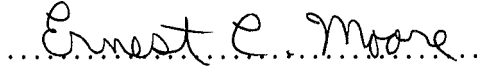
16 (4) At no time may more than sixty percent of the
17 portfolio be invested in equity mutual funds under
18 subdivision (10), section eleven of this article;

19 (5) Notwithstanding any other provision of this
20 article, any investments in equity mutual funds under
21 subdivision (10), section eleven of this article by a
22 policemen's pension and relief fund or a firemen's
23 pension and relief fund shall be in a securities and
24 exchange commission registered no sales-load equity
25 mutual funds whose stated investment policy requires
26 investment in a portfolio of securities which are at
27 least eighty-five percent in New York stock exchange
28 instruments and requires multi-industry diversifica-
29 tion: *Provided*, That the value of such investments
30 shall not exceed the lesser of: (a) One percent times
31 completed months since enactment of this section; or
32 (b) fifty percent of the total assets of said pension and
33 relief fund.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

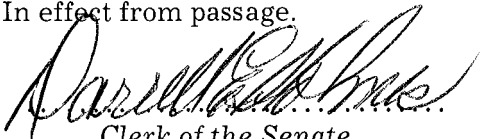



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Chairman Senate Committee

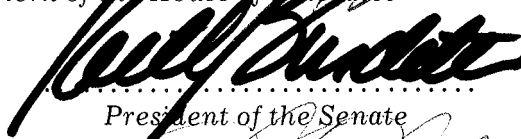

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Chairman House Committee


Originated in the Senate.

In effect from passage.


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Clerk of the Senate


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Clerk of the House of Delegates


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President of the Senate


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Speaker House of Delegates

The withinthis the
day of, 1994.

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Governor

PRESENTED TO THE

GOVERNOR

Date 3/15/94

Time 3:00 pm