

# WEST VIRGINIA CODE: §12-6C-9

## **§12-6C-9. Asset allocation; investment policies, authorized investments; restrictions.**

(a) The board shall develop, adopt, review, or modify an asset allocation plan for the Consolidated Fund at each annual board meeting.

(b) The board shall adopt, review, modify, or cancel the investment policy of each fund or pool created at each annual board meeting. For each participant directed account authorized by the State Treasurer, staff of the board shall develop an investment policy for the account and create the requested account. The board shall review all existing participant directed accounts and investment policies at its annual meeting for modification.

(c) The board shall consider the following when adopting, reviewing, modifying, or canceling investment policies:

- (1) Preservation of capital;
- (2) Risk tolerance;
- (3) Credit standards;
- (4) Diversification;
- (5) Rate of return;
- (6) Stability and turnover;
- (7) Liquidity;
- (8) Reasonable costs and fees;
- (9) Permissible investments;
- (10) Maturity ranges;
- (11) Internal controls;
- (12) Safekeeping and custody;
- (13) Valuation methodologies;
- (14) Calculation of earnings and yields;
- (15) Performance benchmarks and evaluation; and

(16) Reporting.

(d) No security may be purchased by the board unless the type of security is on a list approved at a board meeting. The board shall review the list at its annual meeting.

(e) Notwithstanding the restrictions which are otherwise provided by law with respect to the investment of funds, the board and all participants, now and in the future, may invest funds in these securities:

(1) Obligations of, or obligations that are insured as to principal and interest by, the United States of America or any agency or corporation thereof and obligations and securities of the United States sponsored enterprises, including, without limitation:

(i) United States Treasury;

(ii) Export-Import Bank of the United States;

(iii) Farmers Home Administration;

(iv) Federal Farm Credit Banks;

(v) Federal Home Loan Banks;

(vi) Federal Home Loan Mortgage Corporation;

(vii) Federal Land Banks;

(viii) Government National Mortgage Association;

(ix) Merchant Marine bonds; and

(x) Tennessee Valley Authority Obligations;

(2) Obligations of the Federal National Mortgage Association;

(3) Commercial paper with a rating of A-1 or better as determined by a nationally recognized statistical rating organization;

(4) For pools with a weighted average maturity or duration not to exceed three years, commercial paper with an A-2 rating or better as determined by a nationally recognized statistical rating organization;

(5) Corporate debt with an A rating or better as determined by a nationally recognized statistical rating organization;

(6) For pools with a weighted average maturity or duration not to exceed three years, corporate debt with a BBB- rating or better as determined by a nationally recognized

statistical rating organization;

(7) State and local government, or any instrumentality or agency thereof, securities with a weighted average maturity or duration not to exceed three years and an A rating or better as determined by a nationally recognized statistical rating organization;

(8) Repurchase agreements involving the purchase of United States Treasury securities and repurchase agreements fully collateralized by obligations of the United States government or its agencies or instrumentalities;

(9) Reverse repurchase agreements involving the purchase of United States Treasury securities and reverse repurchase agreements fully collateralized by obligations of the United States government or its agencies or instrumentalities;

(10) Asset-backed securities rated AAA or better as determined by a nationally recognized statistical rating organization;

(11) Certificates of deposit;

(12) Money market and other fixed income funds; and

(13) Investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the Legislature and any other programs authorized by the Legislature.

(f) In addition to the restrictions and conditions contained in this section, at no time shall more than five percent of the Consolidated Fund be invested in securities issued by a single private corporation or association.

(g) Securities purchased in compliance with this article that become noncompliant may be retained upon recommendation of the investment manager of the security and the board investment consultant.