

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1971

ENROLLED

SENATE BILL NO. 286

(By Mr. CARRIGAN AND MR. NEELEY)

PASSED MARCH 8, 1971

In Effect NINETY DAYS FROM Passage



FILED IN THE OFFICE
JOHN D. ROCKEFELLER, IV
SECRETARY OF STATE
THIS DATE 3-17-71

286

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Senate Bill No. 286
(By MR. CARRIGAN and MR. NEELEY)

[Passed March 8, 1971; in effect ninety days from passage.]

AN ACT to amend and reenact section nine, article six, chapter twelve of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to investment of public funds and classes of securities in which funds may be invested.

Be it enacted by the Legislature of West Virginia:

That section nine, article six, chapter twelve of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:

ARTICLE 6. WEST VIRGINIA STATE BOARD OF INVESTMENTS.

§12-6-9. Investments for periods in excess of one year.

1 Notwithstanding the restrictions which may otherwise

2 be provided by law as to the securities in which funds
3 may be invested, funds made available for investment
4 for periods in excess of one year may be invested by the
5 board, without the approval of any other state agency
6 or official other than as required in section six of this
7 article, in the following classes of securities, and not
8 otherwise:

9 (a) Securities of the United States or agency thereof,
10 or those guaranteed by, or for which the credit of the
11 United States or agency thereof is pledged for the pay-
12 ment of the principal and interest thereof.

13 (b) Direct general obligation securities of this state,
14 or any other state or territory of the United States, or
15 the District of Columbia, unconditionally guaranteed as
16 to the principal and interest by such other state or terri-
17 tory of the United States, or the District of Columbia:
18 *Provided*, That (1) such other state, territory, or the
19 District of Columbia has the power to levy taxes for
20 the payment of the principal and interest of such securi-
21 ties, and (2) at the time of investment such other state,
22 territory, or the District of Columbia is not in default

23 in the payment of any part of the principal or interest
24 owing by it upon any part of its funded indebtedness.

25 (c) Securities issued by a federal land bank, or by a
26 federal intermediate credit bank, under the act of Con-
27 gress of July seventeen, one thousand nine hundred six-
28 teen, known as the "Federal Farm Loan Act," as amended
29 or supplemented from time to time, or by the federal
30 home loan bank system, federal national mortgage as-
31 sociation, or banks for cooperatives.

32 (d) Securities issued, assumed or unconditionally
33 guaranteed by the International Bank for Reconstruction
34 and Development, or Tennessee Valley Authority.

35 (e) Any fixed interest bond, note or debenture of any
36 corporation organized and operating within the United
37 States: *Provided*, That such corporation shall have a
38 minimum net worth of fifteen million dollars and its
39 securities or its parent corporation's securities are listed
40 on one or more of the national stock exchanges: *Pro-*
41 *vided, however*, That (1) such corporation has earned a
42 profit in eight of the preceding ten fiscal years as re-
43 flected in its statements, and (2) such corporation has not

44 defaulted in the payment of principal or interest on any
45 of its outstanding funded indebtedness during its pre-
46 ceding ten fiscal years, and (3) the bonds, notes or deben-
47 tures of such corporation to be purchased are rated "AA"
48 or the equivalent thereof or better than "AA" or the
49 equivalent thereof by at least two or more nationally
50 recognized rating services, such as Standard and Poor's,
51 Dun & Bradstreet, or Moody's.

52 (f) Any security that is secured by a first lien deed
53 of trust or mortgage on real property situate within
54 this state, and that is either (1) insured by the federal
55 housing administration pursuant to provisions of the Na-
56 tional Housing Act, as amended or supplemented from
57 time to time, or (2) guaranteed by the veterans admini-
58 stration pursuant to provisions of Title 38, United States
59 Code, relating to veterans benefits, as amended or supple-
60 mented from time to time: *Provided*, That the board shall
61 not purchase any such security from anyone other than
62 a federal housing administration approved mortgagee.
63 To facilitate and encourage the offering of such securities
64 to the board for its investment therein, the board shall

65 have the power and authority to make to any federal
66 housing administration approved mortgagee, at any time,
67 an advance written commitment and obligation, binding
68 upon the board and its funds, for the future purchase of
69 such securities in such amount or amounts, at such price
70 or prices, and at such future time or times as the board
71 may in its discretion deem to be for the best interests of
72 the fund, and all purchases of such securities shall be
73 made pursuant to such a commitment and obligation:
74 *Provided, however,* That the board shall make no com-
75 mitment and obligation to purchase any such securities
76 except in specified amounts of two hundred fifty thous-
77 and dollars or more as the aggregate of the unpaid prin-
78 cipal balances owing on such securities at the time of
79 purchase thereof. No such commitment and obligation
80 shall be valid or binding for more than eighteen months
81 after the date thereof. To facilitate preservation of the
82 value of such securities and of the real property securing
83 the same, the board shall have the further power and
84 authority to make with any federal housing administra-
85 tion approved mortgagee from whom such a security is

86 purchased a contract under which the mortgagee shall be
87 authorized, empowered and obligated to service a loan
88 represented by the security, and to pay such mortgagee
89 for its services a monthly fee not in excess of the rate of
90 one twelfth of one half of one per centum per annum of
91 the unpaid principal balance of the loan represented by
92 the security.

93 (g) Promissory notes secured by federal loan insurance
94 on loans made to students pursuing programs of higher
95 education or programs of vocational education pursuant
96 to Title IV Part "B" of the Higher Education Act of 1965,
97 as heretofore or hereafter amended: *Provided*, That there
98 shall be no investment in any such promissory notes exe-
99 cuted by nonresidents of the state of West Virginia unless
100 such nonresidents are enrolled in good standing in a
101 West Virginia institution of higher education or qualified
102 vocational school or have made application to and have
103 been accepted by such institution or vocational school:
104 *And provided further*, That there shall be no investment
105 in any such promissory notes executed pursuant to loans
106 made prior to the effective date of this act.

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

James G. Bruce
Chairman Senate Committee

Phyllis J. Rutledge
Chairman House Committee

Originated in the Senate.

To take effect 90 days from passage.

Howard Myers
Clerk of the Senate

W. A. Blankenship
Clerk of the House of Delegates

Ernest Cant
President of the Senate

Ivor F. Boiesby
Speaker House of Delegates

The within *approved* this the *15th*
day of *March*, 1971.

Arwa. Shaare Jr.
Governor



PRESENTED TO THE
GOVERNOR

Date 3/10/71

Time 2:25 p.m.

RECEIVED E1
MAR 17 9 22 AM '71
OFFICE OF
SECRETARY OF STATE
STATE OF WEST VIRGINIA