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
ENROLLED

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

(a) Securities of the United States or agency thereof, or those guaranteed by, or for which the credit of the United States or agency thereof is pledged for the payment of the principal and interest thereof.

(b) Direct general obligation securities of this state, or any other state or territory of the United States, or the District of Columbia, unconditionally guaranteed as to the principal and interest by such other state or territory of the United States, or the District of Columbia: Provided, That (1) such other state, territory, or the District of Columbia has the power to levy taxes for the payment of the principal and interest of such securities, and (2) at the time of investment such other state, territory, or the District of Columbia is not in default
in the payment of any part of the principal or interest
owing by it upon any part of its funded indebtedness.

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

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

e) Any fixed interest bond, note or debenture of any
corporation organized and operating within the United
States: Provided, That such corporation shall have a
minimum net worth of fifteen million dollars and its
securities or its parent corporation's securities are listed
on one or more of the national stock exchanges: Pro-
vided, however, That (1) such corporation has earned a
profit in eight of the preceding ten fiscal years as re-
flected in its statements, and (2) such corporation has not
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defaulted in the payment of principal or interest on any
of its outstanding funded indebtedness during its pre-
ceding ten fiscal years, and (3) the bonds, notes or deben-
tures of such corporation to be purchased are rated “AA”
or the equivalent thereof or better than “AA” or the
equivalent thereof by at least two or more nationally
recognized rating services, such as Standard and Poor’s,
Dun & Bradstreet, or Moody’s.
(f) Any security that is secured by a first lien deed
of trust or mortgage on real property situate within
this state, and that is either (1) insured by the federal
housing administration pursuant to provisions of the Na-
tional Housing Act, as amended or supplemented from
time to time, or (2) guaranteed by the veterans admini-
stration pursuant to provisions of Title 38, United States
Code, relating to veterans benefits, as amended or supple-
mented from time to time: Provided, That the board shall
not purchase any such security from anyone other than
a federal housing administration approved mortgagee.
To facilitate and encourage the offering of such securities
to the board for its investment therein, the board shall
have the power and authority to make to any federal
housing administration approved mortgagee, at any time,
an advance written commitment and obligation, binding
upon the board and its funds, for the future purchase of
such securities in such amount or amounts, at such price
or prices, and at such future time or times as the board
may in its discretion deem to be for the best interests of
the fund, and all purchases of such securities shall be
made pursuant to such a commitment and obligation:

Provided, however, That the board shall make no com-
mitment and obligation to purchase any such securities
except in specified amounts of two hundred fifty thous-
and dollars or more as the aggregate of the unpaid prin-
cipal balances owing on such securities at the time of
purchase thereof. No such commitment and obligation
shall be valid or binding for more than eighteen months
after the date thereof. To facilitate preservation of the
value of such securities and of the real property securing
the same, the board shall have the further power and
authority to make with any federal housing administra-
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.

Chairman Senate Committee

Chairman House Committee

Originated in the Senate.

To take effect 90 days from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker House of Delegates

The within ______ approved ______ this the ______

day of ______ March, 1971.

Governor