WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1994

ENROLLED

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,
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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 governed by other provisions of this code and not required for the payment of current obligations and not otherwise prohibited, may be invested and reinvested in:

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

3 (2) Any evidence of indebtedness issued by any United States government agency guaranteed as to the payment of both principal and interest, directly or indirectly, by the United States of America including, but not limited to, the following: Government national mortgage association, federal land banks, federal home loan banks, federal intermediate credit banks, banks for cooperatives, Tennessee valley authority, United States postal service, farmers home administration, export-import bank, federal financing bank, federal home loan mortgage corporation, student loan marketing association and federal farm credit banks;

4 (3) Any evidence of indebtedness issued by the federal national mortgage association to the extent such indebtedness is guaranteed by the government
(4) Any evidence of indebtedness that is secured by a first lien deed of trust or mortgage upon real property situate within this state, if the payment thereof is substantially insured or guaranteed by the United States of America or any agency thereof;

(5) Direct and general obligations of this state;

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

(7) Any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation or association: Provided, That any such security is, at the time of its acquisition, rated in one of the three highest rating grades by an agency which is nationally known in the field of rating corporate securities: Provided, however, That if any commercial paper or any such security will mature within one year from the date of its issuance, it shall, at the time of its acquisition, be rated in one of the two highest rating grades by any such nationally known agency and commercial paper or other evidence of indebtedness of any private corporation or association shall be purchased only upon the written recommendation from an investment advisor that has over three hundred million dollars in other funds under its management;

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

(9) Interest earning deposits including certificates of deposit, with any duly designated state depository, which deposits are fully secured by a collaterally secured bond as provided in section four, article one, chapter twelve of this code; and
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(10) Mutual funds registered with the securities and exchange commission which have assets in excess of three hundred million dollars.


1 Moneys invested as permitted by section eleven of this article are subject to the restrictions and conditions contained in this section:

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

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

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

5 (4) At no time may more than sixty percent of the portfolio be invested in equity mutual funds under 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, SEWERAGE 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 purpose of making retirement, disability and death payments and administration expense an amount estimated to meet such payments for a period not to exceed ninety days. The board in acquiring, investing, reinvesting, exchanging, retaining, selling and manag-
ing property for the benefit of the fund shall exercise judgment and care which persons of experience, prudence, discretion and intelligence exercise in the management of financial affairs, considering the probable income as well as the probable security of the investment and with regard to the permanent disposition of the fund. Within the limitations of the foregoing standard, the board is authorized in its sole discretion to invest and reinvest any funds received by it in the following:

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

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

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

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

(5) Direct and general obligations of this state;

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

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

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

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

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


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

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

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

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

(5) Notwithstanding any other provision of this article, any investments in equity mutual funds under subdivision (10), section eleven of this article by a policemen's pension and relief fund or a firemen's pension and relief fund shall be in a securities and exchange commission registered no sales-load equity mutual funds whose stated investment policy requires investment in a portfolio of securities which are at least eighty-five percent in New York stock exchange instruments and requires multi-industry diversification: Provided, That the value of such investments shall not exceed the lesser of: (a) One percent times completed months since enactment of this section; or (b) fifty percent of the total assets of said pension and relief fund.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

[Signature]

Chairman House Committee

[Signature]

Originated in the Senate.

In effect from passage.

Clerk of the Senate

[Signature]

Clerk of the House of Delegates

[Signature]

President of the Senate

[Signature]

Speaker House of Delegates

[Signature]

The within .................... this the ....................

day of .........................., 1994.

[Signature]

Governor