ENROLLED

COMMITTEE SUBSTITUTE
FOR
House Bill No. 2638

(By Delegates Swartzmiller, Manchin, Stemple, Pethtel, Varner, Kominar and Ennis)

Passed March 11, 2006

In Effect Ninety Days from Passage
AN ACT to amend and reenact §8-22-22a of the Code of West Virginia, 1931, as amended, relating to restrictions on investments by municipal policemen’s and firemen’s pension and relief funds by increasing the amount which may be invested in equities.

Be it enacted by the Legislature of West Virginia:

That §8-22-22a of the Code of West Virginia, 1931, as amended, be amended and reenacted to read as follows:

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.

Moneys invested as permitted by section twenty-two of this article are subject to the following restrictions and conditions contained in this section:

(a) Fixed income securities shall at no time exceed ten percent of the total assets of the pension fund, which are issued by one issuer, other than the United States Government or agencies thereof, whereas this limit shall not apply;

(b) At no time shall the equity portion of the portfolio exceed sixty percent of the total portfolio. Furthermore, the debit or equity securities of any one company or association shall not exceed five percent with a maximum of fifteen percent in any one industry;

(c) Notwithstanding any other provisions of this article, any investments in equities under subsections (g) and (h), section twenty-two of this article shall be subject to the following additional guidelines:

(1) Equity mutual funds shall be no sales load (front or back) and no contingent deferred sales charges shall be allowed. The total annual operating expense ratio shall not exceed one and three-quarter percent for any mutual fund;

(2) The stated investment policy requires one hundred percent of the equities of the portfolio be that of securities which are listed on the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market; and

(3) Equity mutual funds may be only of the following fund description stated purpose: Growth funds, growth and income funds, equity income funds, index funds; utilities, funds, balanced funds and flexible portfolio funds.
(d) The board of trustees of each fund shall obtain an independent performance evaluation of the funds at least annually and the evaluation shall consist of comparisons with other funds having similar investment objectives for performance results with appropriate market indices; and

(e) Each entity conducting business for each pension fund, shall fully disclose all fees and costs of transactions conducted on a quarterly basis. Entities conducting business in mutual funds for and on behalf of each pension fund, shall timely file revised prospectus and normal quarterly and annual Securities Exchange Commission reporting documents with the board of trustees of each pension fund.
That Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

Chairman House Committee

Originating in the House.

In effect ninety days from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker of the House of Delegates

The within is approved this the 3/8 day of March, 2006.

Governor
PRESENTED TO THE GOVERNOR

MAR 29 2006

Time 10:40AM