WEST VIRGINIA LEGISLATURE

2021 REGULAR SESSION

Enrolled
Committee Substitute
for
Senate Bill 297

BY SENATORS WOODRUM, PLYMALE, AND HAMILTON

[Passed April 7, 2021; in effect 90 days from passage (July 6, 2021)]
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AN ACT to amend and reenact §12-6C-4 and §12-6C-9 of the Code of West Virginia, 1931, as amended, all relating generally to the Board of Treasury Investments; authorizing the board to provide compensation to appointed directors for each meeting attended and establishing the rate thereof; authorizing the board to invest in commercial paper with certain nationally recognized ratings and weighted maturity; authorizing the board to invest in corporate debt with certain nationally recognized ratings and weighted maturity; authorizing the board to invest in state and local government securities with certain nationally recognized ratings and weighted maturity; authorizing the board to invest in certain asset-backed securities with certain nationally recognized ratings; removing the limitation on the percentage of the Consolidated Fund that the board may invest in evidence of indebtedness of any private corporation or association; and eliminating the requirement that the board invest a certain percentage of the Consolidated Fund in obligations guaranteed by the United States.

Be it enacted by the Legislature of West Virginia:

ARTICLE 6C. WEST VIRGINIA BOARD OF TREASURY INVESTMENTS.

§12-6C-4. West Virginia Board of Treasury Investments created; body corporate; board; directors; nomination and appointment of directors, qualifications and terms of appointment, advice and consent; annual and other meetings; committees; board approval of investment policies required; open meetings, qualifications.

(a) The West Virginia Board of Treasury Investments is created as a public body corporate and established to provide prudent fiscal administration, investment, and management for the Consolidated Fund.

(b) Any appointment to the board is effective immediately upon appointment by the Governor with respect to voting, constituting a quorum, receiving expenses, and all other rights and privileges of the director position. A trustee of the West Virginia Investment Management
Board other than the Governor, State Treasurer, or State Auditor is not eligible to serve as a director of the board.

(c) The board shall consist of five directors, as follows:

(1) The Governor, the State Treasurer, and the State Auditor or their designees. They shall serve by virtue of their offices and are not entitled to compensation under the provisions of this article. The Governor, State Treasurer, and State Auditor or their designees are subject to all duties, responsibilities, and requirements of the provisions of this article; and

(2) Two persons appointed by the Governor subject to the advice and consent of the Senate.

(d) Of the two directors appointed by the Governor, one shall be a certified public accountant with experience in finance, investing, and management, and one shall be an attorney with experience in finance, investing, and management.

(e)(1) Initial appointment of the appointed directors shall be for the following terms:

(A) One director shall be appointed for a term ending June 30, 2007; and

(B) One director shall be appointed for a term ending June 30, 2009.

(2) Except for appointments to fill vacancies, each subsequent appointment shall be for the term ending June 30th of the fourth year following the year the preceding term expired. A director may be reappointed. In the event a vacancy occurs it shall be filled by appointment for the unexpired term. A director whose term has expired shall continue in office until a successor has been duly appointed and qualified. No appointed director of the board may be removed from office by the Governor except for official misconduct, incompetency, neglect of duty, gross negligence, misfeasance, or gross immorality.

(f) All directors shall receive reasonable and necessary expenses actually incurred in discharging director’s duties pursuant to this article. The board is authorized to compensate the two directors appointed by the Governor pursuant to subdivision (2), subsection (c) of this section, in an amount of up to $500 for each board meeting that the directors attend in person.
(g) The board shall hold quarterly meetings. Board bylaws may provide for calling and holding additional meetings. Representatives of participants and members of the public may attend any meeting held by the board, except during those meetings or part of meetings closed by the board as permitted by law. Attendees shall observe standards of decorum established by board policy.

(h) The board shall annually adopt a fee schedule and a budget reflecting fee structures for the year.

(i) The board chair may appoint committees as needed, including, but not limited to, an investment policies committee to discuss drafting, reviewing, or modifying written investment policies. Each committee shall seek input from participants before reporting its recommendations to the board. The board may meet with any or all committees during any of its meetings.

(j) Any meeting of the board may be closed upon adoption of a motion by any director when necessary to preserve the attorney-client privilege, to protect the privacy interests of individuals, to review personnel matters, or to maintain confidentiality when confidentiality is in the best interest of the participants.

§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.
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.

In effect 90 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 26th Day of April, 2021.

Governor
PRESENTED TO THE GOVERNOR

APR 14 2021

Time  1:57 pm