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HB 2638

FILED

2006 APR -3 P 4: 16

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

WEST VIRGINIA LEGISLATURE

SECOND REGULAR SESSION, 2006



ENROLLED

COMMITTEE SUBSTITUTE
FOR

House Bill No. 2638

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



Passed March 11, 2006

In Effect Ninety Days from Passage

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FOR

H. B. 2638

(BY DELEGATES SWARTZMILLER, MANCHIN, STEMPLER,
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.

§8-22-22a. Restrictions on investments.

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

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

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

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

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

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

25 (3) Equity mutual funds may be only of the following fund
26 description stated purpose: Growth funds, growth and income
27 funds, equity income funds, index funds; utilities, funds,
28 balanced funds and flexible portfolio funds.

29 (d) The board of trustees of each fund shall obtain an
30 independent performance evaluation of the funds at least
31 annually and the evaluation shall consist of comparisons with
32 other funds having similar investment objectives for perfor-
33 mance results with appropriate market indices; and

34 (e) Each entity conducting business for each pension fund,
35 shall fully disclose all fees and costs of transactions conducted
36 on a quarterly basis. Entities conducting business in mutual
37 funds for and on behalf of each pension fund, shall timely file
38 revised prospectus and normal quarterly and annual Securities
39 Exchange Commission reporting documents with the board of
40 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.

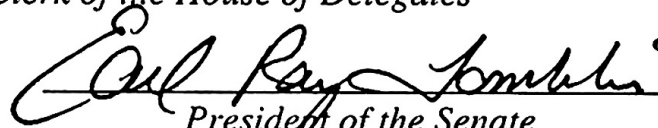
In effect ninety days from passage.



Clerk of the Senate



Clerk of the House of Delegates

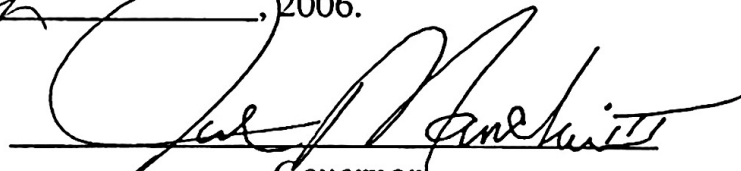


President of the Senate



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 10:40 am