



# Municipal Pensions Oversight Board

2015 WV Legislation  
Senate Bills 481, 483, & 514

# Senate Bill 481

- ▶ *Amends §8-22-22 and §8-22-22a all relating to investment authority of municipal policemen's and firemen's pension and relief funds; authorizing delegation of investment authority; requiring diversification of investments and providing investment requirements*

# Senate Bill 481

- ▶ The board of trustees may invest a portion or all of the fund assets in any of the pools, funds, and securities managed by the West Virginia Investment Management Board or the West Virginia Board of Treasury Investments
- ▶ The board of trustees may invest a portion or all of the fund assets using the restrictions set forth in §8-22-22a

# Senate Bill 481

- ▶ The board of trustees SHALL keep as an available sum for the purpose of making regular retirement, disability retirement, death benefit, payments and administrative expenses in an estimated amount NOT to exceed payments for a period of ninety days in short-term investments.
- ▶ The board of trustees of each fund may delegate investment authority to professional investment advisors registered with the SEC in accordance with the Investment Advisors Act of 1940 as amended AND who manage assets in excess of \$75 million.

# Senate Bill 481

## ▶ New language

- Monies invested with professional investment advisors must:
  - Diversify fund investments so as to minimize the risk of large losses unless clearly prudent not to do so
  - The board SHALL hold in equity investments no more than 75% of the total pension assets managed by the board
  - The board may purchase any security trading on the NYSE, the AMSE and the NASDAQ for its pension portfolio unless it is otherwise restricted by this section

# Senate Bill 481

## ▶ New language

- Monies invested with professional investment advisors must:
  - Alternative investments are prohibited, unless the investments satisfy ALL of the following:
    - A registered professional 3<sup>rd</sup> party fiduciary investment advisor recommends the investment
    - The board or a committee designated by the board approves the instrument.
    - The total maximum alternative investment exposure of all strategies may not be more than 25% of the total pension portfolio
    - The total maximum alternative investment exposure of a single fund strategy may not be more than 10% of the total pension portfolio; and
    - The board requires that all of the plan assets be invested in liquid securities that are defined as securities that can be priced daily and settled within 5 business days.

# Senate Bill 481

## ▶ New language continued...

- The board shall hold in fixed income and cash equivalent investments no less than 25% and no more than 75% of total pension assets.
- Fixed income security restrictions
  - Quality ratings by Moody's, Standard & Poors, or other recognized agency is required
  - Maximum maturity of 30 years and weighted average maturity may not exceed 10 years.
  - Types of fixed income securities are defined in the code

# Senate Bill 483

- ▶ §8-22-18(e). For all pension and relief funds closed after January 1, 2010, pursuant to subsection (e), section twenty of this article and those closed after April 1, 2011, pursuant to subsection (f) of said section, the boards shall continue to elect four trustees until there are no more beneficiaries to be paid from the fund. Trustees are elected in the same manner and for the same terms but may be members of the paid police or fire departments or retirees from the paid police or fire departments.

# Senate Bill 514

- ▶ Requires the Municipal Pensions Oversight Board to annually review the investment performance of each municipal policemen's or firemen's pension and relief fund.
- ▶ If the municipal pension and relief fund's board fails for three consecutive years to comply with the investment provisions established in §8-22-22a, the MPOB may require the municipal pension fund to invest with the Investment Management Board in order to continue to receive its allocation of funds from the MPOB.

# Senate Bill 514

- ▶ If the municipal pension fund fails to move its investments to the Investment Management Board (IMB) within the 18 month drawdown period, the revenues (allocated to it) shall be reallocated to all other municipal pension plans that have drawn down 100% of their allocations.

# Questions and Contact Information

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