

Board Members:

Honorable W. Gaston Caperton, III
Governor/Chairman

Mr. John T. Poffenbarger
Executive Secretary/Member

Honorable Larrie Bailey
Treasurer/Member

Honorable Glen B. Gainer, III
Auditor/Member

Mr. Carlyle Farnsworth
Member

Ms. Marie Prezioso
Member

Mr. William T. Tracy
Member



State of West Virginia Board of Investments

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Staff:

H. Craig Slaughter
Executive Director

D. Jerry Simpson
Chief Operating Officer

Matthew E. Jones
Chief Financial Officer

Diana Will
Chief Investment Officer

Mark E. N. Asaad
General Counsel

June 17, 1996

Honorable Ken Heckler
Secretary of State
Building 1, Suite 157K
State Capitol Complex
Charleston, WV 25305-0770

Dear Secretary Heckler:

During the 1996 session of the West Virginia Legislature, HB-4132 was passed and signed into law by Governor Gaston Caperton. As a result of this legislation, the West Virginia Trust Fund will come into existence on July 1, 1996. On that day, the Trust Fund will assume responsibility for investing the assets that are currently part of the Consolidated Pension Fund.

This legislation also made other changes that will directly effect the operation of the Board of Investments (Board). Many of the investment restrictions were changed or eliminated in WV Code section 12-6-10. Also, section 12-6-12 changed the standard of care to the prudent person rule. These changes provided the Board flexibility, but also more responsibility to define its investment objectives, investment policy and the method by which it will achieve its goals.

As a result of these changes, the "Rules for the Administration of the Consolidated Fund by the West Virginia State Board of Investments" (Title 113, Series 1) are no longer in compliance with the various code provisions. Therefore, at their board meeting on June 13, 1996, the Board directed staff to withdraw these rules. The Board replaced these rules with policies and procedures.

Also, at the same board meeting, the Board directed staff to withdraw the "Rule For The Administration Of The Consolidated Pension Fund By The West Virginia State Board Of Investments" (Title 113, Series 2). This action is necessary with the creation of the West Virginia Trust Fund.

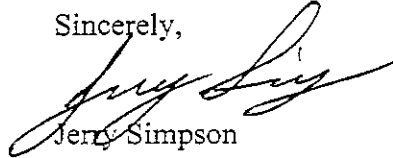
OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

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Please take the necessary action to insure that these two set of rules are withdrawn. If you require any additional Information, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jerry Simpson".

Jerry Simpson
Executive Director