

"AN ACT TO AMEND SUBSECTION 6.20 OF SECTION 6 OF ACT 364 OF 1981, AS AMENDED [ARK. STAT. 12-3806 (6.20)], TO CLARIFY THE DEFINITION OF INVESTMENT ADVISER; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Subsection 6.20 of Section 6 of Act 364 of 1981, as amended, the same being Arkansas Statute 12-3806 (6.20), is hereby amended to read as follows:

"6.20. The board shall be trustees of the funds of the system subject to the other provisions of this section. The funds of the system shall be invested and reinvested in accordance with the procedure set forth below. In addition, the funds of local fire and police pension and relief funds, as created by Act 491 of 1921, as amended, and Act 250 of 1937, as amended, respectively, with assets in excess of \$500,000, may also be invested in accordance with the following procedure:

(a) From time to time the investment adviser under contract to the board shall formulate the policy to be followed in future investment activity, and he shall promptly furnish such policy to the board in writing each time he changes such policy. 'Investment Adviser' means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation, issues or promulgates analysis or reports concerning securities, and is required to be registered as such with the Arkansas Securities Department.

(b) The investment adviser shall have full power to purchase, sell, assign, transfer or dispose of any of the moneys or investments of the system pursuant to the provisions of this section and in accordance with the current investment policy filed with the board.

(c) At least semi-annually the investment adviser shall file with the board a written report setting forth, for the period since its last report, all investments purchased and sold, all receipts and disbursements, and any other transactions concerning system moneys.

(d) At each regular meeting the board shall examine each written report received from the investment adviser since the last regular meeting.

(e) Anything herein to the contrary notwithstanding, from time to time the board may direct a specific investment activity and shall be fully responsible for any such direction.

(f) Anything herein to the contrary notwithstanding, investment activity shall be subject to the terms, conditions, limitations and restrictions imposed by law upon State public employee retirement plans in the making and disposing of their investments.

(g) Anything herein to the contrary notwithstanding, until the assets of the system amount to at least five million dollars, the funds of the system not in the checking account may be invested in shares of no-load mutual funds, each of which shall have the following characteristics: such mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended; the management company of the investment company shall have been in operation for at least ten years and shall have assets under management of more than one-hundred million dollars; and there is no sales charge for purchasing shares of such fund, and no redemption charge for selling such shares."

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed.

APPROVED: February 6, 1987
