

CHAPTER 297.

[S. B. 314.]

STATE TEACHERS' RETIREMENT SYSTEM.

AN ACT relating to the Washington state teachers' retirement system; providing for the investment of funds; amending section 20, chapter 80, Laws of 1947 as amended by section 6, chapter 274, Laws of 1955 and RCW 41.32.200; adding three new sections to chapter 80, Laws of 1947 and to chapter 41.32 RCW; and repealing section 1, chapter 91, Laws of 1959 and RCW 41.32.205.

Be it enacted by the Legislature of the State of Washington:

RCW 41.32.200 amended.

SECTION 1. Section 20, chapter 80, Laws of 1947 as amended by section 6, chapter 274, Laws of 1955 and RCW 41.32.200 are each amended to read as follows:

Teachers' retirement. Authority over funds—Investment.

The board of trustees shall be the trustees of the several funds created by this chapter and shall have full power to authorize the state finance committee to invest and reinvest such funds in the following classes of securities, and not otherwise:

(1) Bonds, notes, or other obligations of the United States, or of any corporation wholly owned by the government of the United States, or those guaranteed by, or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof;

(2) Bonds or other evidences of indebtedness of this state or a duly authorized authority or agency thereof; and full faith and credit obligations of, or obligations unconditionally guaranteed as to principal and interest by any other state of the United States and the Commonwealth of Puerto Rico;

(3) Bonds, debentures, notes, or other full faith and credit obligations issued, guaranteed, or assumed as to both principal and interest by the government of the Dominion of Canada, or by any province of Canada: *Provided*, That the principal and interest thereof shall be payable in United States funds, either unconditionally or at the option of the holder;

(4) Bonds, notes, or other obligations of any municipal corporation, political subdivision or state supported institution of higher learning of this state, issued pursuant to the laws of this state: *Provided*, That the issuer has not, within ten years prior to the making of the investment, been in default for more than three months in the payment of any part of the principal or interest on any debt evidenced by its bonds, notes, or obligations;

(5) Bonds, notes, or other obligations issued, guaranteed or assumed by any municipal or political subdivision of any other state of the United States: *Provided*, That any such municipal or political subdivision, or the total of its component parts, shall have a population as shown by the last preceding federal census of not less than ten thousand and shall not within ten years prior to the making of the investment have defaulted in payment of principal or interest of any debt evidenced by its bonds, notes or other obligations for more than ninety days;

(6) Bonds, debentures, notes, or other obligations issued, guaranteed, or assumed as to both principal and interest by any city of Canada which has a population of not less than one hundred thousand inhabitants: *Provided*, That the principal and interest thereof shall be payable in United States funds, either unconditionally or at the option of the holder: *Provided further*, That the issuer shall not within ten years prior to the making of the investment have defaulted in payment of principal or interest of any debt evidenced by its bonds, notes or other obligations for more than ninety days;

(7) Bonds, notes, or other obligations issued, assumed, or unconditionally guaranteed by the international bank for reconstruction and development, or by the federal national mortgage association;

(8) Bonds, debentures, or other obligations issued by a federal land bank, or by a federal inter-

mediate credit bank, under the act of congress of July 17, 1916, known as the "federal farm loan act," as amended or supplemented from time to time;

(9) Obligations of any public housing authority or urban redevelopment authority issued pursuant to the laws of this state relating to the creation or operation of a public housing or urban redevelopment authority;

(10) Obligations of any other state, municipal authority or political subdivision within the state issued pursuant to the laws of such state with principal and interest payable from tolls or other special revenues: *Provided*, That the issuer has not, within ten years prior to the making of the investment, been in default for more than three months in the payment of any part of the principal or interest on any debt evidenced by its bonds, notes, or obligations;

(11) Corporate bonds and debentures issued by any corporation duly organized and operating in any state of the United States: *Provided*, That such securities are rated not less than "AA" by two nationally recognized rating agencies: *Provided further*, That investment in bonds and debentures in this subsection (11) shall be limited to twenty percent of any one issue;

(12) Investments in savings and loan associations organized under federal or state law, insured by the federal savings and loan insurance corporation, and operating in this state: *Provided*, That the investment of any one fund in any one such savings and loan association shall not exceed the amount insured by the federal savings and loan insurance corporation.

Subject to the above limitations and subject to any limitations, conditions, and restrictions contained in policy-making resolutions adopted by the state teachers' retirement board, the state finance committee shall have the power to make purchases, sales, exchanges, investments and reinvestments, of

any of the securities and investments in which any of the funds created herein shall have been invested, as well as the proceeds of said investments and any moneys belonging to said funds: *Provided*, That no sale or exchange shall be at a price less than the market price of the securities or investments to be sold or exchanged; and

(13) Savings deposits in commercial banks and mutual savings banks organized under federal or state law, insured by the federal deposit insurance corporation, and operating in this state: *Provided*, That the deposit of any one fund in any such banks shall not exceed the amount insured by the federal deposit insurance corporation.

SEC. 2. There is added to chapter 80, Laws of 1947 and to chapter 41.32 RCW a new section to read as follows: New section.

Any investments under RCW 41.32.200 shall be made with the exercise of that degree of judgment and care, under circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived. Standard of judgment for making investment.

SEC. 3. There is added to chapter 80, Laws of 1947 and to chapter 41.32 RCW a new section to read as follows: New section.

All securities purchased or held on behalf of funds, pursuant to RCW 41.32.200, held or disbursed through the state treasury shall be in the physical custody of the state treasurer who may deposit with the fiscal agent of the state, or with a state depository, such of said securities as he shall consider advisable to be held in safekeeping by said agent or bank for collection of principal and interest, or of the proceeds of sale thereof. Securities in physical custody of state treasurer.

New section.

SEC. 4. There is added to chapter 80, Laws of 1947 and to chapter 41.32 RCW a new section to read as follows:

Treasurer to administer security income.

It shall be the duty of the state treasurer to collect the interest, or other income on, and the principal of the securities held in his custody pursuant to section 3 as the said sums become due and payable, and to pay the same, when so collected, into the fund to which the investments belong.

Repeal.

SEC. 5. Section 1, chapter 91, Laws of 1959 and RCW 41.32.205 are each repealed.

Severability.

SEC. 6. If any provisions of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provisions to other persons or circumstances is not affected.

Passed the Senate March 7, 1961.

Passed the House March 5, 1961.

Approved by the Governor March 21, 1961.

***NOTICE OF REFERENDUM: CHAPTER 298, LAWS OF 1961**

The Washington State Milk Consumers' League sponsored a referendum (Referendum Measure No. 32) against Chapter 298, Laws of 1961. The signature campaign was successful. As a consequence, this act will be submitted to the voters for acceptance or rejection at the November 6, 1962 state general election.

For this reason, whether or not said Chapter 298 will ever become effective law will not be known until after such state election has been held.

VICTOR A. MEYERS,
Secretary of State.

***CHAPTER 298.**

[S. B. 336.]

WASHINGTON STATE MILK MARKETING ACT.

AN ACT relating to milk; enacting a state milk marketing act; levying assessments; and providing penalties.

Be it enacted by the Legislature of the State of Washington:

Short title.

SECTION 1. This act may be known and cited as the Washington state milk marketing act.