

CHAPTER 33

[Substitute Senate Bill No. 3405]

LICENSES—ADMINISTRATIVE TERMINATION

AN ACT Relating to state government; and amending section 8, chapter 237, Laws of 1967 and RCW 34.04.170.

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

Section 1. Section 8, chapter 237, Laws of 1967 and RCW 34.04.170 are each amended to read as follows:

(1) When a licensee has made timely and sufficient application for the renewal of a license or a new license with reference to any activity of a continuing nature, an existing full, temporary, or provisional license does not expire until the application has been finally determined by the agency, and, in case the application is denied or the terms of the new license limited, until the last day for seeking review of the agency order or a later date fixed by order of the reviewing court.

(2) ~~((No revocation, suspension, annulment, modification, or withdrawal of any license is lawful unless, prior to the institution of agency proceedings, the agency gave notice by mail to the licensee of facts or conduct which warrant the intended action, and the licensee was given reasonable opportunity to show compliance with all lawful requirements for the retention of the license.))~~ If the agency finds that public health, safety, or welfare imperatively requires emergency action, and incorporates a finding to that effect in its order, summary suspension of a license may be ordered pending proceedings for revocation or other action. These proceedings shall be promptly instituted and determined.

Passed the Senate February 5, 1980.

Passed the House February 18, 1980.

Approved by the Governor February 28, 1980.

Filed in Office of Secretary of State February 28, 1980.

CHAPTER 34

[Substitute Senate Bill No. 3611]

CITY OR TOWN PENSION SYSTEM FUNDS—INVESTMENT OF

AN ACT Relating to investment of pension funds; adding a new section to chapter 35.39 RCW; and repealing section 35.39.040, chapter 7, Laws of 1965, section 1, chapter 19, Laws of 1965, section 1, chapter 211, Laws of 1969 ex. sess. and RCW 35.39.040.

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

NEW SECTION. Section 1. There is added to chapter 35.39 RCW a new section to read as follows:

Any city or town now or hereafter operating an employee's pension system with the approval of the board otherwise responsible for the management of its respective funds has full power to invest and reinvest funds over which it has investment authority in the following classes of investments, and not otherwise, and to sell or exchange investments acquired in the exercise of that authority:

(1) Bonds, notes, or other obligations of the United States or its agencies, 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, or the obligation of any other government-sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system;

(2) Bonds, debentures, notes, or other obligations issued, assumed, or unconditionally guaranteed by the international bank for reconstruction and development, the inter-American development bank, the Asian development bank, or by the federal national mortgage association; in addition to bonds, debentures, or other obligations issued by a federal land bank, or by a federal intermediate credit bank, under the act of Congress of July 17, 1916, known as the federal farm loan act, as from time to time amended;

(3) First mortgages on unencumbered real property which are insured by the federal housing administration under the national housing act (as from time to time amended), or are guaranteed by the veterans' administration under the servicemen's readjustment act of 1944 (as from time to time amended), or are otherwise insured or guaranteed by the United States of America, or by an agency or instrumentality thereof to the extent that the investor protection thereby given is essentially the same as that as provided under the foregoing federal enactments;

(4) Conventional fee simple or leasehold first mortgages on real property located within the state of Washington;

(5) Bonds or other evidences of indebtedness of this state or a duly authorized authority or agency thereof; 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; 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;

(6) Bonds, notes, or other obligations issued, guaranteed, or assumed by any other state or municipal or political subdivision thereof;

(7) 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, or 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 such securities are rated "A" or better by at least one nationally recognized rating agency;

(8) Bonds, debentures, notes, or other obligations of any corporation duly organized and operating in any state of the United States: PROVIDED, That such securities are rated "A" or better by at least one nationally recognized rating agency;

(9) Capital notes, debentures, or other obligations of any national or state commercial or mutual savings bank doing business in the United States of America;

(10) Equipment trust certificates issued by any corporation duly organized and operating in any state of the United States of America: PROVIDED, That the bonds or debentures of the company are rated "A" or better by at least one nationally recognized rating agency;

(11) Commercial paper: PROVIDED, That it is given the highest attainable rating by at least two nationally recognized rating agencies;

(12) Subject to the limitations provided in this subsection, investments may be made in the common or preferred stock or shares, whether or not convertible as well as convertible bonds and debentures, of corporations created or existing under the laws of the United States, or any state, district, or territory thereof: PROVIDED, That:

(a) A pension system shall contract with an investment counseling firm or firms or the trust department of a national or state chartered commercial bank having its principal office or a branch in this state. The board shall receive advice in writing on all stock investments from an investment counsel. Such advice shall become part of the official minutes of the next succeeding meeting of the board. No investment counseling firm shall be engaged in buying, selling, or otherwise marketing securities in which commissions or profit credits arising from these activities accrue to the firm during the time of its employment by the boards. Nothing in the preceding sentence shall be deemed to apply to the marketing of bonds, notes, or other obligations of the United States or any agency thereof, or of a state or any municipal or political subdivision thereof by a bank in the normal course of its business;

(b) Stock investments to include convertible preferred stock investments, and investments in convertible bonds and debentures shall not exceed twenty-five percent of the total investments (cost basis) of the system;

(c) Investment in the stock of any one corporation shall not exceed five percent of the common shares outstanding;

(d) No single common stock investment, based on cost, may exceed two percent of the assets of the total investments (cost basis) of the system;

(e) Such corporation has paid a cash dividend on its common stock in at least eight of the ten years and in each of the last three years next preceding the date of investment;

(f) In the case of convertible bond, debenture, and convertible preferred stock investments, the common stock into which such investments are convertible otherwise qualifies as an authorized investment under the provisions of this section;

(13) 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, including investment in their savings accounts, deposit accounts, bonds, debentures and other obligations or securities (except capital stock) which are insured or guaranteed by an agency of the federal government or by a private corporation approved by the state insurance commissioner and licensed to insure real estate loans in the state of Washington; 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 investment of any one fund in the foregoing institutions shall not exceed the amount insured or guaranteed;

(14) Appropriate contracts of life insurance or annuities from insurers duly organized to do business in the state of Washington, if and when such purchase or purchases would in the judgment of the board be appropriate or necessary to carry out the purposes of this chapter;

(15) Any obligation, equipment trust certificate, or interest in any obligations arising out of any transaction involving the sale of any equipment by, or the lease of any equipment from, any corporation engaged in the business of transportation or manufacturing, with its principal place of business located in Washington state, or by or from any wholly owned subsidiary of any such corporation: PROVIDED, That either (a) the obligation shall be secured by ownership of the equipment or by a first mortgage or other security interest creating a first lien on such equipment, or (b) the obligation shall be guaranteed by the United States government or any agency or instrumentality thereof or by any province of Canada;

(16) The sale of call options or the repurchase of sold call options where such options are fully covered by common stocks owned by the funds.

NEW SECTION. Sec. 2. Section 35.39.040, chapter 7, Laws of 1965, section 1, chapter 19, Laws of 1965, section 1, chapter 211, Laws of 1969 ex. sess. and RCW 35.39.040 are each repealed.

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