

carrier or contract carrier permit to do so. An example of such a combination of services shall include, but not be limited to, the delivery of household appliances for others where the delivering carrier also unpacks or uncrates the appliances and makes the initial installation thereof. Every person engaging in such a combination of services shall advise the commission what portion of the consideration is intended to cover the transportation service and if the agreement covering the combination of services is in writing, the rate and charge for such transportation shall be set forth therein. The rates or charges for the transportation services included in such combination of services shall be subject to control and regulation by the commission in the same manner that the rates of common and contract carriers are now controlled and regulated. Any person engaged in extracting and/or processing and, in connection therewith, hauling materials exclusively for the maintenance, construction or improvement of a public highway shall not be deemed to be performing a combination of services.

Passed the House April 28, 1969.

Passed the Senate April 25, 1969.

Approved by the Governor May 8, 1969.

Filed in office of Secretary of State May 8, 1969.

CHAPTER 211

[Engrossed House Bill No. 425]

RETIREMENT FUNDS--INVESTMENT

AN ACT Relating to investment of retirement funds; amending section 35.39.040, chapter 7, Laws of 1965 as amended by section 1, chapter 19, Laws of 1965 and RCW 35.39.040; and amending section 9, chapter 207, Laws of 1939 and RCW 41.28.080; and adding a new section to chapter 41.28 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 35.39.040, chapter 7, Laws of 1965 as amended by section 1, chapter 19, Laws of 1965 and RCW 35.39.040 are each amended to read as follows:

Any city or town now or hereafter operating an employees' pension system, established and operated pursuant to state statute or charter provision, or any pension system operating now or hereafter

under state statute or charter provision exclusively for employees of cities or towns, is authorized to invest pension fund moneys in ((such securities of the United States, states, Dominion of Canada, public housing authorities, municipal corporations and other public bodies, as are designated by the laws of the state of Washington as lawful investments for the funds of mutual savings banks, and to invest not to exceed forty percent of the system's total investments in the securities of any corporations or public utility bodies as are designated by the laws of this state as lawful investments for the funds of mutual savings banks; -- PROVIDED, That not more than eight percent of the system's total investments may be made in the securities of any one of such corporations or public utility bodies.

Subject to the limitations hereinafter contained, investment of pension funds may also be made in amounts not to exceed twenty-five percent of the system's total investments in the shares of certain open-end investment companies; -- PROVIDED, That not more than five percent of the system's total investments may be made in the shares of any one such open-end investment company; -- The total amount invested in any one company shall not exceed five percent of the assets of such company, and shall only be made in the shares of such companies as are registered as open-end companies under the federal investment company act of 1940, as from time to time amended; -- The company must be at least ten years old and have net assets of at least five million dollars; -- It must have outstanding no bonds, debentures, notes, or other evidences of indebtedness, or any stock having priority over the shares being purchased, either as to distribution of assets or payment of dividends; -- It must have paid dividends from investment income in each of the ten years next preceding purchase; The maximum selling commission on its shares, furthermore, may not exceed eight and one-half percent of the sum of the asset value plus such commission;

Investment of pension funds may also be made in the bonds of any municipal corporation or other public body of the state of Wash-

ington, and in any of the bonds or warrants, including local improvement bonds or warrants within the protection of the local improvement guaranty fund law issued by the city or town operating such pension system, or by any city or town which is a member of the system.) the following classes of investments, and not otherwise:

(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;

(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 the 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 ninety days 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 subdivisions, 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 or the inter-American bank, or the Asian development bank;

(8) 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 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 or the Commonwealth of Puerto Rico, municipal authority or political subdivision within the state or the commonwealth issued pursuant to the laws of such state or commonwealth 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) Bonds and debentures issued by any corporation duly organized and operating in any state of the United States of America: PROVIDED, That such securities can qualify for an "A" rating or better by a nationally recognized rating agency;

(12) Capital notes or debentures of any national or state bank doing business in the United States of America;

(13) Equipment trust certificates issued by any corporation duly organized and operating in any state of the United States of America;

(14) 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 in any such savings and loan association shall not exceed the amount insured by the federal savings and loan insurance corporation;

(15) 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 in such banks shall not exceed the amount insured by the federal deposit insurance corporation;

(16) 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 any agency or instrumentality of the United States of America, so as to give the investor protection at least equal to that provided by the said national housing act or the said Servicemen's Readjustment Act;

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

chapter.

(18) Subject to the limitations hereinafter provided, investments may be made in amounts not to exceed thirty-five percent of the system's total investments in the shares of certain open-end investment companies: PROVIDED, That not more than five percent of the system's total investments may be made in the shares of any one such open-end investment company. The total amount invested in any one company shall not exceed five percent of the assets of such company and shall only be made in the shares of such companies as are registered as "open-end companies" under the federal Investment Company Act of 1940, as amended. Such company must be at least ten years old and have net assets of at least ten million dollars. It must have no outstanding bonds, debentures, notes, or other evidences of indebtedness, or any stock having priority over the shares being purchased, either as to distribution of assets or payment of dividends. It must have paid dividends from investment income in each of the ten years next preceding purchase;

(19) Subject to the limitations hereinafter provided, investments may be made in preferred stock or common stock of corporations created or existing under the laws of the United States, or any state, district or territory thereof: PROVIDED, That

(a) The board receives advice in writing on all stock investments from an investment counsel. This counsel shall be an investment counseling firm hired on a contractual basis by the board. Such advice shall become part of the official minutes of the next succeeding meeting of the board. The counsel shall not be engaged in the business of buying, selling, or otherwise marketing securities during the time of its employment by the board.

(b) Stock investments shall be made only by retirement or pension funds which have invested assets (cost basis) in excess of ten million dollars.

(c) Stock investments and investments in open-end investment companies combined shall not exceed thirty-five percent of the total

investments (cost basis) of the system.

(d) Such investment in the stock of any one company shall not exceed five percent of the common shares outstanding.

(e) No single common stock investment, based on cost, may exceed two percent of the assets of the fund.

(f) Such stock is registered on a national securities exchange, as provided in the "Securities Exchange Act of 1934" as amended. Such registration shall not be required with respect to the following stocks:

(i) The common stock of a bank which is a member of the federal deposit insurance corporation and has capital funds represented by capital, surplus, and undivided profits of at least fifty million dollars.

(ii) The common stock of an insurance company which has capital funds, represented by capital, special surplus funds, and unassigned surplus, of at least fifty million dollars.

(iii) Any preferred stock.

(iii) The common stock of Washington corporations which meet all other listed qualifications except that of being registered on a national exchange..

(g) Such corporation has paid a cash and/or stock dividend on its common stock in at least eight of the ten years next preceding the date of investment, and aggregate net earnings available for dividends on the common stock of such corporation for the whole of such period have been equal to the amount of such dividends paid, and such corporation has paid an earned cash and/or stock dividend in each of the last three years.

Investment of pension funds shall be made by the pension board, board of trustees or other board charged with administering the affairs of the pension system.

Sec. 2. Section 9, chapter 207, Laws of 1939 and RCW 41.28.080 are each amended to read as follows:

(1) There is hereby created and established a board of administration in each city coming under this chapter, which shall,

under the provisions of this chapter and the direction of the city council or city commission, administer the retirement system and the retirement fund created by this chapter. Under and pursuant to the direction of the city council or city commission, the board shall provide for the proper investment of the moneys in the said retirement fund.

(2) The board of administration shall consist of seven members, as follows: Three members appointed by the regular appointing authority of the city, and three employees who are eligible to membership in the retirement system, to be elected by the employees. The above six members shall appoint the seventh member.

(3) The investment of all or any part of the retirement fund shall be subject to ~~((the terms, conditions, limitations and restrictions imposed by the laws of the state of Washington upon the making of investments by savings banks--PROVIDED, HOWEVER, That the board may invest in any of the bonds or warrants issued by the city including local improvement bonds and warrants and utility bonds and warrants))~~ RCW 35.39.040 or as amended or supplemented from time to time.

(4) Subject to such provisions as may be prescribed by law for the deposit of municipal funds in banks, cash belonging to the retirement fund may be deposited in any licensed national bank or in any bank, banks or corporations authorized or licensed to do a banking business and organized under the laws of the state of Washington.

(5) The city treasurer shall be the custodian of the retirement fund. All payments from said fund shall be made by the city treasurer but only upon warrant duly executed by the city comptroller.

(6) Except as herein provided, no member and no employee of the board of administration shall have any interest, direct or indirect, in the making of any investments from the retirement fund, or in the gains or profits accruing therefrom. And no member or employee of said board, directly or indirectly, for himself or as an agent or partner of others, shall borrow any of its funds or deposits or in any manner use the same except to make such current and necessary pay-

ments as are authorized by said board; nor shall any member or employee of said board become an endorser or surety or become in any manner an obligor for moneys invested by the board.

NEW SECTION. Sec. 3. There is added to chapter 41.28 RCW a new section to read as follows:

In order that the intent of the legislature may be made clear with respect to investments, but without restricting the necessary flexibility that must exist for successful investing of the retirement and pension funds, the legislature makes this declaration of its desire that the investment authority shall give primary consideration to dealing with brokerage firms which maintain offices in the state of Washington so that the investment programs may make a meaningful contribution to the economy of the state. It is further the desire of the legislature that the retirement and pension funds shall be used as much as reasonably possible to benefit and expand the business and economic climate within the state of Washington so long as such use would be consistent with sound investment policy.

Passed the House April 10, 1969.

Passed the Senate April 25, 1969.

Approved by the Governor May 8, 1969.

Filed in office of Secretary of State May 8, 1969.

CHAPTER 212

[Engrossed Substitute House Bill No. 828]
DATA PROCESSING--DATA PROCESSING ADVISORY COMMITTEE
--LEGISLATIVE INFORMATION SYSTEM

AN ACT Relating to state and local government; prescribing powers, duties, and procedures concerning communications and data processing; creating a committee; establishing the legislative information system; adding a new section to chapter 157, Laws of 1951 and to chapter 1.08 RCW; adding new sections to chapter 115, Laws of 1967 ex. sess. and to chapter 43.105 RCW; repealing section 3, chapter 115, Laws of 1967 ex. sess., section 86, chapter ..., Laws of 1969 ex. sess. (Engrossed House Bill No. 637) amendatory thereof, and RCW 43.105.030; and declaring an emergency and an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON: