

NEW SECTION. Sec. 17. **SHORT TITLE.** This act shall be known and may be cited as the Washington credit union share guaranty association act.

NEW SECTION. Sec. 18. **CONSTRUCTION.** This act shall be liberally construed to effect the purpose stated in section 2 of this act, which shall constitute an aid and guide to interpretation.

NEW SECTION. Sec. 19. **SECTION HEADINGS NOT PART OF LAW.** Section headings in this act do not constitute any part of the law.

NEW SECTION. Sec. 20. **SEVERABILITY.** If any clause, sentence, paragraph, section or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder thereof but shall be confined in its operation to the clause, sentence, paragraph, section or part thereof directly involved in the controversy in which such judgment has been rendered.

NEW SECTION. Sec. 21. **EFFECTIVE DATE.** This act shall become effective on September 1, 1975.

Passed the Senate April 15, 1975.

Passed the House May 16, 1975.

Approved by the Governor May 26, 1975.

Filed in Office of Secretary of State May 26, 1975.

CHAPTER 81

[Engrossed Senate Bill No. 2434]

STATE FINANCE COMMITTEE—AUTHORIZED INVESTMENTS—EQUIPMENT TRANSACTIONS

AN ACT Relating to investments; and amending section 12, chapter 103, Laws of 1973 1st ex. sess. and RCW 43.84.150.

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

Section 1. Section 12, chapter 103, Laws of 1973 1st ex. sess. and RCW 43.84.150 are each amended to read as follows:

Except where otherwise specifically provided by law, the state finance committee and those boards otherwise responsible for the management of their respective funds shall have full power to invest and reinvest funds in the following classes of securities, 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, 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, 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, 1961, 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 hereinafter provided, those funds created under chapters 2.10, 2.12, 41.24, 41.26, 41.32, 41.40, and 43.43 RCW and the accident reserve fund created by RCW 51.44.010 may be invested 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) Those trustees responsible for the management of their respective funds 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 and/or the staff of the state finance committee for the purpose of managing issues defined by subsection (12) of this section. The trustees shall receive advice which 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: PROVIDED, That in the case of the accident reserve fund created by RCW 51.44.010 such stock investments shall not exceed ten percent of the total investments.

(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 and/or stock dividend on its common stock in at least eight of the ten years next preceding the date of investment, and the 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.

(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.

(g) The common stock of any corporation concerned is registered on a national securities exchange provided in the "Securities Exchange Act of 1934" (as from time to time 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, and unassigned surplus of at least fifty million dollars.

(iii) Any preferred stock, as well as any convertible bond, debenture or preferred stock.

(iv) The common stock of Washington corporations meeting all the other qualifications except that of being registered on a national exchange.

(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 obligation 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 a foreign government or any agency or instrumentality thereof or by any province of Canada.

Subject to the above limitations, the trustees of the several funds shall have the power to authorize the state finance committee 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 money belonging to said funds.

Passed the Senate March 14, 1975.

Passed the House May 16, 1975.

Approved by the Governor May 26, 1975.

Filed in Office of Secretary of State May 26, 1975.

CHAPTER 82

[Senate Bill No. 2454]

CRIMINAL JUSTICE TRAINING COMMISSION AND BOARDS— PERSONNEL FITNESS STANDARDS

AN ACT Relating to criminal justice training; amending section 8, chapter 94, Laws of 1974 ex. sess. and RCW 43.101.080; and amending section 15, chapter 94, Laws of 1974 ex. sess. and RCW 43.101.150.

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

Section 1. Section 8, chapter 94, Laws of 1974 ex. sess. and RCW 43.101.080 are each amended to read as follows:

The commission shall have all of the following powers: