

## CHAPTER 3

[Substitute House Bill No. 1610]  
STATE INVESTMENT BOARD

AN ACT Relating to state investments; amending section 3, chapter 104, Laws of 1965 ex. sess. as amended by section 5, chapter 103, Laws of 1973 1st ex. sess. and RCW 43.84-.031; amending section 43.84.080, chapter 8, Laws of 1965 as last amended by section 1, chapter 154, Laws of 1979 ex. sess. and RCW 43.84.080; amending section 43.84.140, chapter 8, Laws of 1965 and RCW 43.84.140; amending section 2, chapter 17, Laws of 1975-'76 2nd ex. sess. as last amended by section 3, chapter 119, Laws of 1979 and RCW 43.84.150; amending section 14, chapter 103, Laws of 1973 1st ex. sess. and RCW 43.84-.170; amending section 8, chapter 267, Laws of 1971 ex. sess. as amended by section 1, chapter 103, Laws of 1973 1st ex. sess. and RCW 2.10.080; amending section 8, chapter 229, Laws of 1937 as amended by section 1, chapter 221, Laws of 1955 and RCW 2.12-.070; amending section 43.33.030, chapter 8, Laws of 1965 and RCW 43.33.030; amending section 10, chapter 251, Laws of 1977 ex. sess. and RCW 43.33.130; amending section 3, chapter 261, Laws of 1945 as last amended by section 1, chapter 170, Laws of 1973 1st ex. sess. and RCW 41.24.030; amending section 6, chapter 209, Laws of 1969 ex. sess. as last amended by section 3, chapter 44, Laws of 1975-'76 2nd ex. sess. and RCW 41.26-.060; amending section 7, chapter 209, Laws of 1969 ex. sess. as last amended by section 2, chapter 103, Laws of 1973 1st ex. sess. and RCW 41.26.070; amending section 15, chapter 103, Laws of 1973 1st ex. sess. and RCW 41.32.207; amending section 16, chapter 103, Laws of 1973 1st ex. sess. and RCW 41.40.072; amending section 2, chapter 91, Laws of 1959 and RCW 41.40.075; amending section 9, chapter 274, Laws of 1947 as last amended by section 4, chapter 128, Laws of 1969 and RCW 41.40.080; amending section 7, chapter 105, Laws of 1975-'76 2nd ex. sess. as amended by section 1, chapter 251, Laws of 1977 ex. sess. and RCW 41.50.050; amending section 10, chapter 105, Laws of 1975-'76 2nd ex. sess. as amended by section 2, chapter 251, Laws of 1977 ex. sess. and RCW 41.50.080; amending section 5, chapter 10, Laws of 1965 as amended by section 11, chapter 108, Laws of 1975-'76 2nd ex. sess. and RCW 43.31.300; amending section 43-.43.170, chapter 8, Laws of 1965 as amended by section 2, chapter 12, Laws of 1969 and RCW 43.43.170; amending section 43.43.175, chapter 8, Laws of 1965 and RCW 43.43-.175; amending section 4, chapter 281, Laws of 1961 as amended by section 3, chapter 197, Laws of 1969 ex. sess. and RCW 47.12.210; amending section 47.58.070, chapter 13, Laws of 1961 and RCW 47.58.070; amending section 47.60.100, chapter 13, Laws of 1961 and RCW 47.60.100; amending section 51.44.100, chapter 23, Laws of 1961 as last amended by section 6, chapter 103, Laws of 1973 1st ex. sess. and RCW 51.44.100; amending section 7, chapter 217, Laws of 1945 and RCW 73.12.060; amending section 2, chapter 207, Laws of 1975 1st ex. sess. and RCW 77.12.323; adding a new chapter to Title 43 RCW; creating a new section; repealing section 43.33.020, chapter 8, Laws of 1965 and RCW 43.33.020; repealing section 43.33.025, chapter 8, Laws of 1965 and RCW 43-.33.025; repealing section 7, chapter 103, Laws of 1973 1st ex. sess., section 112, chapter 34, Laws of 1975-'76 2nd ex. sess., section 3, chapter 251, Laws of 1977 ex. sess., section 1, chapter 119, Laws of 1979 and RCW 43.33.050; repealing section 8, chapter 103, Laws of 1973 1st ex. sess. and RCW 43.33.060; repealing section 9, chapter 103, Laws of 1973 1st ex. sess., section 26, chapter 105, Laws of 1975-'76 2nd ex. sess., section 4, chapter 251, Laws of 1977 ex. sess. and RCW 43.33.070; repealing section 10, chapter 103, Laws of 1973 1st ex. sess. and RCW 43.33.080; repealing section 11, chapter 103, Laws of 1973 1st ex. sess. and RCW 43.33.090; repealing section 6, chapter 251, Laws of 1977 ex. sess., section 2, chapter 119, Laws of 1979 and RCW 43.33.110; repealing section 11, chapter 251, Laws of 1977 ex. sess. and RCW 43.33.120; providing effective dates; and making an appropriation.

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

NEW SECTION. Section 1. The state investment board shall exercise all the powers and perform all duties prescribed by law with respect to the investment of public trust and retirement funds.

NEW SECTION. Sec. 2. There is hereby created the state investment board to consist of fourteen members to be appointed as provided in this section.

(1) One member who is an active member of the public employees' retirement system and has been an active member for at least five years. This member shall be appointed by the governor, subject to confirmation by the senate, from a list of nominations submitted by organizations representing active members of the system. The initial term of appointment shall be one year.

(2) One member who is an active member of the law enforcement officers' and fire fighters' retirement system and has been an active member for at least five years. This member shall be appointed by the governor, subject to confirmation by the senate, from a list of nominations submitted by organizations representing active members of the system. The initial term of appointment shall be two years.

(3) One member who is an active member of the teachers' retirement system and has been an active member for at least five years. This member shall be appointed by the superintendent of public instruction subject to confirmation by the senate. The initial term of appointment shall be three years.

(4) The state treasurer.

(5) A member of the state house of representatives. This member shall be appointed by the speaker of the house of representatives.

(6) A member of the state senate. This member shall be appointed by the president of the senate.

(7) One member who is a retired member of a state retirement system shall be appointed by the governor, subject to confirmation by the senate. The initial term of appointment shall be three years.

(8) The director of the department of labor and industries.

(9) The director of the department of retirement systems.

(10) Five nonvoting members appointed by the state investment board who are considered experienced and qualified in the field of investments.

The legislative members shall serve terms of two years. The initial legislative members appointed to the board shall be appointed no sooner than January 12, 1981. The position of a legislative member on the board shall become vacant at the end of that member's term on the board or whenever the member ceases to be a member of the senate or house of representatives from which the member was appointed.

After the initial term of appointment, all other members of the state investment board, except ex officio members, shall serve terms of three years and shall hold office until successors are appointed. Members' terms, except for ex officio members, shall commence on January 1 of the year in which the appointments are made.

Members may be reappointed for additional terms. Appointments for vacancies shall be made for the unexpired terms in the same manner as the original appointments. Any member may be removed from the board for cause by the member's respective appointing authority.

NEW SECTION. Sec. 3. Trusteeship of those funds under the authority of the board is vested in the voting members of the board. The nonvoting members of the board shall advise the voting members on matters of investment policy and practices.

The board may enter into contracts necessary to carry out its powers and duties. The board may delegate any of its powers and duties to its executive director as deemed necessary for efficient administration and when consistent with the purposes of this 1980 act.

NEW SECTION. Sec. 4. (1) A quorum to conduct the business of the state investment board consists of at least five voting members of the board.

(2) The state investment board shall meet at least quarterly at such times as it may fix. The board shall elect a chairperson and vice chairperson annually: PROVIDED, That the legislative members are not eligible to serve as chairperson or vice chairperson.

NEW SECTION. Sec. 5. Members of the state investment board who are public employees shall serve without compensation but shall suffer no loss because of absence from their regular employment. Members of the board who are not public employees shall receive fifty dollars for each day during which the member attends an official meeting of the board or performs statutorily prescribed duties approved by the chairperson. Members of the board who are not legislators shall be reimbursed for travel expenses incurred in the performance of their duties as provided in RCW 43.03.050 and 43.03.060 as now existing or hereafter amended. Legislative members shall receive allowances provided for in RCW 44.04.120 as now existing or hereafter amended.

NEW SECTION. Sec. 6. No member during the term of appointment may be employed by any investment brokerage or mortgage servicing firm doing business with the state investment board. A trust department of a commercial bank or trust company organized under federal or state law is not considered a mortgage servicing firm for purposes of this section.

NEW SECTION. Sec. 7. No member of the state investment board is liable for the negligence, default, or failure of any other person or other member of the board to perform the duties of the member's office and no member of the board shall be considered or held to be an insurer of the funds or assets of any of the trust and retirement funds nor is any nonvoting member liable for actions performed with the exercise of reasonable diligence within the scope of the member's authorized activities as a member of the board.

NEW SECTION. Sec. 8. The state investment board may invest those funds which are not under constitutional prohibition in farm ownership and soil and water conservation loans fully guaranteed as to principal and interest under the Bankhead-Jones farm tenant act administered by the United States department of agriculture.

NEW SECTION. Sec. 9. The state investment board shall keep a full and complete public record of its proceedings in appropriate books of record. Within sixty days of July 1, 1981, the state investment board shall assume physical custody of all investment accounts, files, and other records of each fund placed under the investment authority of the board.

NEW SECTION. Sec. 10. The state investment board shall maintain appropriate offices and employ such personnel as may be necessary to perform its duties. Employment by the investment board shall include but not be limited to an executive director, the state investment officer, and a confidential secretary, which positions are exempt from classified service under chapter 41.06 RCW. Employment of the executive director by the board shall be for a term of three years, and such employment shall be subject to confirmation of the state finance committee: **PROVIDED**, That nothing shall prevent the board from dismissing the director for cause before the expiration of the term nor shall anything prohibit the board, with the confirmation of the state finance committee, from employing the same individual as director in succeeding terms.

As of July 1, 1981, all employees classified under chapter 41.06 RCW and engaged in duties assumed by the state investment board on July 1, 1981, are assigned to the state investment board. The transfer shall not diminish any rights granted these employees under chapter 41.06 RCW nor exempt the employees from any action which may occur thereafter in accordance with chapter 41.06 RCW.

All existing contracts and obligations pertaining to the functions transferred to the state investment board in this 1980 act shall remain in full force and effect, and shall be performed by the board. None of the transfers directed by this 1980 act shall affect the validity of any act performed by a state entity or by any official or employee thereof prior to July 1, 1981.

NEW SECTION. Sec. 11. The state investment board may make appropriate rules and regulations for the performance of its duties. The board shall adopt rules to ensure that its members perform their functions in compliance with chapter 42.18 RCW. Rules adopted by the board shall be adopted pursuant to chapter 34.04 RCW.

NEW SECTION. Sec. 12. All accounts, files, and other records of the state investment board which pertain to each retirement system are subject at any time or from time to time to such reasonable periodic, special, or other examinations by the department of retirement systems as the director of the department of retirement systems deems necessary or appropriate.

NEW SECTION. Sec. 13. The state treasurer may cause any securities in which the state investment board deals to be registered in the name of a nominee without mention of any fiduciary relationship, except that adequate records shall be maintained to identify the actual owner of the security so registered. The securities so registered shall be held in the physical custody of the state treasurer, the federal reserve system, the designee of the state treasurer, or, at the election of the designee and upon approval of the state treasurer, the Depository Trust Company of New York City or its designees.

With respect to the securities, the nominee shall act only upon the order of the state treasurer who shall act only on the direction of the state investment board. All rights to the dividends, interest, and sale proceeds from the securities and all voting rights of the securities are vested in the actual owners of the securities, and not in the nominee.

NEW SECTION. Sec. 14. Any investments made by the state investment board shall be made with the exercise of that degree of judgment and care, under circumstances then prevailing, which persons 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.

NEW SECTION. Sec. 15. The state investment board shall prepare written reports at least quarterly summarizing the investment activities of the state investment board, which reports shall be sent to the governor, the senate ways and means committee, the house appropriations committee, the department of retirement systems, and other agencies having a direct financial interest in the investment of funds by the board, and to other persons on written request. The state investment board shall provide information to the department of retirement systems necessary for the preparation of monthly reports.

NEW SECTION. Sec. 16. The state investment board shall be funded from the investment reserve account created by RCW 43.84.090, subject to legislative appropriation.

Sec. 17. Section 3, chapter 104, Laws of 1965 ex. sess. as amended by section 5, chapter 103, Laws of 1973 1st ex. sess. and RCW 43.84.031 are each amended to read as follows:

Subject to the limitation of authority delegated by RCW 43.84.031 through 43.84.061 and RCW 43.84.150, the state (~~finance committee may by unanimous approval~~) investment board shall adopt procedural policies governing the management of said permanent trust funds.

Sec. 18. Section 43.84.080, chapter 8, Laws of 1965 as last amended by section 1, chapter 154, Laws of 1979 ex. sess. and RCW 43.84.080 are each amended to read as follows:

Wherever there is in any fund or in cash balances in the state treasury more than sufficient to meet the current expenditures properly payable therefrom, (~~the state finance committee, or upon authorization from the state finance committee, then~~) the state treasurer(;) may invest or reinvest such portion of such funds or balances as the state treasurer deems expedient in the following defined securities or classes of investments: (~~PROVIDED, That the state treasurer shall provide a monthly report of such investments and reinvestments to the state finance committee:~~)

(1) Certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States;

(2) In state, county, municipal, or school district bonds, or in warrants of taxing districts of the state. Such bonds and warrants shall be only those found to be within the limit of indebtedness prescribed by law for the taxing district issuing them and to be general obligations. The state (~~finance committee~~) treasurer may purchase such bonds or warrants directly from the taxing district or in the open market at such prices and upon such terms as it may determine, and may sell them at such times as it deems advisable;

(3) In motor vehicle fund warrants when authorized by agreement between the (~~committee~~) state treasurer and the (~~state highway commission~~) department of transportation requiring repayment of invested funds from any moneys in the motor vehicle fund available for state highway construction;

(4) In federal home loan bank notes and bonds, federal land bank bonds and federal national mortgage association notes, debentures and guaranteed certificates of participation, or the obligations 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;

(5) Bankers' acceptances purchased on the secondary market.

Sec. 19. Section 43.84.140, chapter 8, Laws of 1965 and RCW 43.84-.140 are each amended to read as follows:

(~~In addition to the provisions of RCW 43.84.010;~~) The state (~~finance committee~~) investment board is authorized to invest moneys in the scientific school permanent fund and the agricultural college permanent fund in regents' revenue bonds issued by the board of regents of Washington State University for the purposes provided for in RCW 28B.10.300 and to invest moneys in the state university permanent fund in regents' revenue bonds issued by the board of regents of the University of Washington for the purposes provided in RCW 28B.10.300.

Sec. 20. Section 2, chapter 17, Laws of 1975-'76 2nd ex. sess. as last amended by section 3, chapter 119, Laws of 1979 and RCW 43.84.150 are each amended to read as follows:

Except where otherwise specifically provided by law, the state (~~finance committee and the director of retirement systems with the approval of those boards otherwise responsible for the management of their respective funds~~) investment board shall have full power to invest and reinvest funds over which ~~(they have)~~ 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: (~~PROVIDED, That the method of granting approval to the state finance committee and the director of retirement systems shall be determined by each board, respectively, in its sole discretion:~~)

(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, 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) ~~The state ((finance committee and the director of retirement systems may, with the approval of the respective boards;)) investment board may either have the ((finance committee's)) investment board's staff manage the classes of investments defined by subsection (12) of this section or ((they)) the investment board may 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 state finance committee and the director of retirement systems shall receive advice which shall become part of the official minutes of the next succeeding meeting of the committee and respective boards.))~~ 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 investment board((s)). 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 51.44.030 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 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.

(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.

(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.

Subject to the above limitations, ~~((the trustees of the several funds shall authorize))~~ the state ~~((finance committee to))~~ investment board may 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.

Sec. 21. Section 14, chapter 103, Laws of 1973 1st ex. sess. and RCW 43.84.170 are each amended to read as follows:

Whenever there are surplus moneys available for investment in the permanent common school fund, the agricultural college permanent fund, the normal school permanent fund, the scientific school permanent fund, or the university permanent fund, the state ~~((finance committee shall have))~~ investment board has full power to invest or reinvest such funds in the manner prescribed by RCW 43.84.150, and not otherwise.

Sec. 22. Section 8, chapter 267, Laws of 1971 ex. sess. as amended by section 1, chapter 103, Laws of 1973 1st ex. sess. and RCW 2.10.080 are each amended to read as follows:

(1) The state treasurer shall be the custodian of all funds and securities of the retirement system. Disbursements from this fund shall be made by the state treasurer upon receipt of duly authorized vouchers.

(2) The state treasurer is hereby authorized and directed to deposit any portion of the funds of the retirement system not needed for immediate use in the same manner and subject to all the provisions of law with respect to the deposit of state funds by such treasurer, and all interest earned by such portion of the retirement system's funds as may be deposited by the state treasurer in pursuance of authority herewith given shall be collected by him and placed to the credit of the retirement fund.

(3) The ~~((public employees' retirement))~~ state investment board established by ~~((chapter 41.40 RCW shall have))~~ section 2 of this 1980 act has full power to invest or reinvest the funds of this system in those classes of investments authorized by RCW 43.84.150 ~~((and 41.40.072))~~.

(4) For the purpose of providing amounts to be used to defray the cost of administration ~~((and investment))~~, the judicial retirement board shall ascertain at the beginning of each biennium and request from the legislature an appropriation sufficient to cover estimated expenses for the said biennium.

Sec. 23. Section 8, chapter 229, Laws of 1937 as amended by section 1, chapter 221, Laws of 1955 and RCW 2.12.070 are each amended to read as follows:

Whenever the treasurer estimates that the balance of cash remaining in the judges' retirement fund, together with the estimated receipts for the remainder of the fiscal year, will exceed the estimated disbursements for the remainder of such year in the sum of one thousand dollars or more, he shall request the state (~~(finance committee)~~) investment board to invest such excess in such bonds as are by law authorized for the investment of the permanent school funds of the state. Whenever it appears to the treasurer that the cash remaining in the fund, together with the estimated receipts for the remainder of the fiscal year, will not meet the estimated disbursements as they shall fall due, he shall request the state (~~(finance committee)~~) investment board to sell so many of any bonds belonging to said fund as will produce cash sufficient for that purpose, and deposit the proceeds of such sale in the fund.

Sec. 24. Section 43.33.030, chapter 8, Laws of 1965 and RCW 43.33-.030 are each amended to read as follows:

The state finance committee shall keep a full and complete public record of its proceedings in appropriate books of record(~~(, maintain appropriate offices, and employ such personnel as shall be necessary to perform its duties)~~).

The state treasurer shall provide administrative and clerical assistance for the state finance committee.

Sec. 25. Section 10, chapter 251, Laws of 1977 ex. sess. and RCW 43-.33.130 are each amended to read as follows:

The state finance committee shall prepare written reports at least (~~(quarterly)~~) annually summarizing the (~~(investment and bond)~~) debt management activities of the finance committee, which reports shall be sent to the governor, to the senate ways and means committee, the house appropriations committee, (~~(to members of the investment advisory committee, to all retirement boards, and other)~~) agencies having a direct financial interest in the (~~(investment of funds or)~~) issuance and sale of bonds by the committee, and to other persons on written request.

Sec. 26. Section 3, chapter 261, Laws of 1945 as last amended by section 1, chapter 170, Laws of 1973 1st ex. sess. and RCW 41.24.030 are each amended to read as follows:

There is created in the state treasury a trust fund for the benefit of the firemen of the state covered by this chapter, which shall be designated the volunteer firemen's relief and pension fund and shall consist of:

(1) All bequests, fees, gifts, emoluments, or donations given or paid to the fund.

(2) An annual fee for each member of its fire department to be paid by each municipal corporation for the purpose of affording the members of its fire department with protection from death or disability as herein provided as follows:

(a) three dollars for each volunteer or part-paid member of its fire department;

(b) a sum equal to one-half of one percent of the annual salary attached to the rank of each full-paid member of its fire department, prorated for 1970 on the basis of services prior to March 1, 1970.

(3) Where a municipal corporation has elected to make available to the members of its fire department the retirement provisions as herein provided, an annual fee of thirty dollars for each of its firemen electing to enroll therein, ten dollars of which shall be paid by the municipality and twenty dollars of which shall be paid by the fireman.

(4) Forty percent of all moneys received by the state from its tax on fire insurance premiums shall be paid into the state treasury and credited to the fund.

(5) The state (~~(finance committee)~~) investment board, upon request of the state treasurer shall invest such portion of the amounts credited to the fund as is not, in the judgment of the treasurer, required to meet current withdrawals. Such investments may be made in such bonds, notes or other obligations now or hereafter authorized as an investment for the funds of the (~~(state)~~) public employees' retirement system.

(6) All bonds or other obligations purchased according to subdivision (5) shall be forthwith placed in the custody of the state treasurer, and he shall collect the principal thereof and interest thereon when due.

The state (~~(finance committee)~~) investment board may sell any of the bonds or obligations so acquired and the proceeds thereof shall be paid to the state treasurer.

The interest and proceeds from the sale and redemption of any bonds or other obligations held by the fund shall be credited to and form a part of the fund.

All amounts credited to the fund shall be available for making the payments required by this chapter.

The state treasurer shall make an annual report showing the condition of the fund.

Sec. 27. Section 6, chapter 209, Laws of 1969 ex. sess. as last amended by section 3, chapter 44, Laws of 1975-'76 2nd ex. sess. and RCW 41.26-.060 are each amended to read as follows:

The administration of this system is hereby vested in the board of the Washington public employees' retirement system pursuant to RCW 41.26-.050 and the board shall:

(1) Keep in convenient form such data as shall be deemed necessary for actuarial evaluation purposes;

(2) As of March 1, 1970, and at least every two years thereafter, through its actuary, make an actuarial valuation as to the mortality and service experience of the beneficiaries under this chapter and the various

accounts created for the purpose of showing the financial status of the retirement fund;

(3) Adopt for the retirement system the mortality tables and such other tables as shall be deemed necessary;

(4) Keep a record of all its proceedings, which shall be open to inspection by the public;

(5) From time to time adopt such rules and regulations not inconsistent with this chapter, for the administration of the provisions of this chapter, for the administration of the fund created by this chapter and the several accounts thereof, and for the transaction of the business of the board;

~~(6) ((Provide for investment, reinvestment, deposit and withdrawal of funds;~~

~~(7)))~~ Prepare and publish annually a financial statement showing the condition of the fund and the various accounts thereof, and setting forth such other facts, recommendations and data as may be of use in the advancement of knowledge concerning the Washington law enforcement officers' and fire fighters' retirement system, and furnish a copy thereof to each employer, and to such members as may request copies thereof;

~~((8)))~~ (7) Serve without compensation but shall be reimbursed for expense incident to service as individual members thereof;

~~((9)))~~ (8) Perform such other functions as are required for the execution of the provisions of this chapter;

~~((10)))~~ (9) No member of the board shall be liable for the negligence, default or failure of any employee or of any other member of the board to perform the duties of his office and no member of the board shall be considered or held to be an insurer of the funds or assets of the retirement system but shall be liable only for his own personal default or individual failure to perform his duties as such member and to exercise reasonable diligence in providing for the safeguarding of the funds and assets of the system;

~~((11)))~~ (10) Fix the amount of interest to be credited at a rate which shall be based upon the net annual earnings of the fund for the preceding twelve-month period and from time to time make any necessary changes in such rate;

~~((12)))~~ (11) Pay from the department of retirement systems expense fund the expenses incurred in administration of the retirement system from those funds appropriated for that purpose;

~~((13)))~~ (12) Perform any other duties prescribed elsewhere in this chapter: PROVIDED, That all disability claims shall be submitted and approved or disapproved by the disability boards established by this chapter and the retirement board shall have authority to approve or disapprove disability retirement requests only;

~~((14)))~~ (13) Issue decisions relating to appeals initiated pursuant to RCW 41.16.145 and 41.18.104 as now or hereafter amended and shall be

authorized to order increased benefits pursuant to RCW 41.16.145 and 41.18.104 as now or hereafter amended.

Sec. 28. Section 7, chapter 209, Laws of 1969 ex. sess. as last amended by section 2, chapter 103, Laws of 1973 1st ex. sess. and RCW 41.26.070 are each amended to read as follows:

A fund is hereby created and established in the state treasury to be known as the Washington law enforcement officers' and fire fighters' retirement fund, and shall consist of all moneys paid into it in accordance with the provisions of this chapter, whether such moneys shall take the form of cash, securities, or other assets. ~~The ((members of the retirement)) state investment board ((shall be the trustees of these funds created by this chapter and the retirement board shall have))~~ has full power to invest or reinvest ~~((these)) the funds created by this chapter~~ in the securities authorized by RCW 43.84.150 ~~((and 41.40.072. PROVIDED, That the board shall authorize the state finance committee to execute all transactions in connection with the purchase, sale, or exchange of any investment that it has authorized pursuant to its statutory authority))~~.

(1) The state treasurer shall be the custodian of all funds of the retirement system and all disbursements therefrom shall be paid by the state treasurer upon vouchers duly authorized by the retirement board and bearing the signature of the duly authorized officer of the retirement board.

(2) The state treasurer is hereby authorized and directed to deposit any portion of the funds of the retirement system not needed for immediate use in the same manner and subject to all the provisions of law with respect to the deposit of state funds by such treasurer, and all interest earned by such portion of the retirement system's funds as may be deposited by the state treasurer in pursuance of authority herewith given shall be collected by him and placed to the credit of the retirement fund or the department of retirement systems expense fund.

(3) Into the retirement system fund shall be paid all moneys received by the retirement board, and paid therefrom shall be all refunds, adjustments, retirement allowances and other benefits provided for herein. All contributions by employers for the expense of operating the retirement system as provided for herein shall be transferred by the state treasurer from the retirement system fund to the department of retirement systems expense fund upon authorization of the retirement board.

(4) There is hereby utilized for the purposes of this chapter, the department of retirement systems expense fund, as provided for in RCW 41.40.080 and from which shall be paid the expenses of the administration of this retirement system.

(5) In order to reimburse the department of retirement systems expense fund on an equitable basis the retirement board shall ascertain and report to

each employer the sum necessary to defray its proportional share of the entire expense of the administration of this chapter during the ensuing biennium or fiscal year whichever may be required. Such sum is to be computed in an amount directly proportional to the estimated entire expense of the said administration as the ratio of monthly salaries of the employer's members bears to the total salaries of all members in the entire system. It shall then be the duty of all such employers to include in their budgets or otherwise provide the amounts so required.

(6) The retirement board shall compute and bill each employer at the end of each month for the amount due for that month to the department of retirement systems expense fund and the same shall be paid as are its other obligations. Such computation as to each such employer shall be made on a percentage rate of salary established by the board: PROVIDED, That the retirement board may at its discretion establish a system of billing based upon calendar year quarters in which event the said billing shall be at the end of each such quarter.

(7) For the purpose of providing amounts to be used to defray the cost of such administration, the retirement board shall ascertain at the beginning of each biennium and request from the legislature an appropriation from the department of retirement systems expense fund sufficient to cover estimated expenses for the said biennium.

(8) RCW 41.26.060, 41.26.070 and 41.26.085 shall take effect commencing on January 1, 1972.

Sec. 29. Section 15, chapter 103, Laws of 1973 1st ex. sess. and RCW 41.32.207 are each amended to read as follows:

The state investment board (~~(of trustees shall be the trustees of the several funds created by this chapter and shall have)~~) has full power to (~~(authorize the state finance committee to)~~) invest and reinvest (~~(such)~~) the funds created by this chapter in the manner prescribed by RCW 43.84.150, and not otherwise.

Sec. 30. Section 16, chapter 103, Laws of 1973 1st ex. sess. and RCW 41.40.072 are each amended to read as follows:

The (~~(members of the retirement)~~) state investment board (~~(shall be the trustees of the several funds created by this chapter and the retirement board shall have)~~) has full power to invest or reinvest (~~(, or to authorize the state finance committee to invest or reinvest, such)~~) the funds created by this chapter in the manner prescribed by RCW 43.84.150, and not otherwise (~~(-PROVIDED, That the board shall authorize the state finance committee to execute all transactions in connection with the purchase, sale or exchange of any investment that it has authorized pursuant to its statutory authority)~~).

Sec. 31. Section 2, chapter 91, Laws of 1959 and RCW 41.40.075 are each amended to read as follows:

The state (~~((employees<sup>4</sup>))~~) investment board may invest those funds of the retirement (~~((board is authorized to invest those funds))~~) system which are not under constitutional prohibition in farm ownership and soil and water conservation loans fully guaranteed as to principal and interest under the Bankhead-Jones Farm Tenant Act administered by the United States department of agriculture.

Sec. 32. Section 9, chapter 274, Laws of 1947 as last amended by section 4, chapter 128, Laws of 1969 and RCW 41.40.080 are each amended to read as follows:

(1) All bonds or other obligations purchased according to RCW (~~(41-40-070)~~) 43.84.150 shall be forthwith placed in the hands of the state treasurer who is hereby designated as custodian thereof, and it shall be his duty to collect the principal thereof and the interest thereon as the same becomes due and payable, and place the same when so collected into the retirement system's funds (~~((herein provided for bonds or other obligations. The retirement board may authorize the finance committee to sell any of the said bonds, or other obligations upon like resolution, and the proceeds thereof shall be paid by the purchaser to the state treasurer upon delivery to him of such bonds or other obligations by the state treasurer))~~).

(2) The state treasurer shall be the custodian of all other funds of the retirement system and all disbursements therefrom shall be paid by the state treasurer upon vouchers duly authorized by the retirement board and bearing the signature of the duly authorized officer of the retirement board.

(3) The state treasurer is hereby authorized and directed to deposit any portion of the funds of the retirement system not needed for immediate use in the same manner and subject to all the provisions of law with respect to the deposit of state funds by such treasurer, and all interest earned by such portion of the retirement system's funds as may be deposited by the state treasurer in pursuance of authority herewith given shall be collected by him and placed to the credit of the retirement fund or the department of retirement systems expense fund.

(4) There is hereby established in the state treasury two separate funds, namely:

(a) The retirement system fund, into which shall be paid all moneys received by the retirement board and from which shall be paid all refunds, adjustments, retirement allowances and other benefits provided for herein. All contributions by members to the department of retirement systems expense fund as provided in RCW 41.40.330 and contributions by employers for the expense of operating the retirement system as provided for herein shall be transferred by the state treasurer from the retirement system fund to the department of retirement systems expense fund upon authorization of the retirement board;

(b) The department of retirement systems expense fund, from which shall be paid the expenses of the administration of the retirement system.



(5) In order to reimburse the department of retirement systems expense fund on an equitable basis the retirement board shall, after crediting the estimated amount to be collected as employees' contributions, ascertain and report to each employer the sum necessary to defray its proportional share of the entire expense of the administration of this chapter during the ensuing biennium or fiscal year whichever may be required. Such sum is to be computed in an amount directly proportional to the estimated entire expense of the said administration as the ratio of monthly salaries of the employer's members bears to the total salaries of all members in the entire system. It shall then be the duty of all such employers to include in their budgets or otherwise provide the amounts so required.

(6) The retirement board shall compute and bill each employer at the end of each month for the amount due for that month to the department of retirement systems expense fund and the same shall be paid as are its other obligations. Such computation as to each such employer shall be made on a percentage rate of salary established by the board: PROVIDED, That the retirement board may at its discretion establish a system of billing based upon calendar year quarters in which event the said billing shall be at the end of each such quarter.

(7) For the purpose of providing amounts to be used to defray the cost of such administration, the retirement board shall ascertain at the beginning of each biennium and request from the legislature an appropriation from the department of retirement systems expense fund sufficient to cover estimated expenses for the said biennium.

Sec. 33. Section 7, chapter 105, Laws of 1975-'76 2nd ex. sess. as amended by section 1, chapter 251, Laws of 1977 ex. sess. and RCW 41-.50.050 are each amended to read as follows:

The director shall:

(1) Have the authority to organize the department into not more than two divisions, each headed by an assistant director;

(2) Have free access to all files and records of various funds assigned to the department and inspect and audit the files and records as deemed necessary;

~~(3) ((With the assistance of the state finance committee, prepare written reports at least quarterly summarizing the investment activities of the department, which reports shall be sent to the governor, to the senate ways and means committee, the house appropriations committee, to all agencies having a direct financial interest in the investment of funds, and to other persons on request;~~

~~(4)))~~ Employ personnel to carry out the general administration of the department;

~~((5)))~~ (4) Submit an annual written report of the activities of the department to the governor and the legislature, including recommendations for statutory changes the director believes to be desirable;

~~((6))~~ (5) Adopt such rules and regulations as are necessary to carry out the powers, duties, and functions of the department pursuant to the provisions of chapter 34.04 RCW.

Sec. 34. Section 10, chapter 105, Laws of 1975-'76 2nd ex. sess. as amended by section 2, chapter 251, Laws of 1977 ex. sess. and RCW 41.50.080 are each amended to read as follows:

The ~~((director and the state finance committee, with the approval of the respective boards,))~~ state investment board shall provide for the investment of all funds of the Washington public employees' retirement system, the teachers' retirement system, the Washington law enforcement officers' and fire fighters' retirement system, the Washington state patrol retirement system, the Washington judicial retirement system, and the judges' retirement fund, pursuant to RCW 43.84.150, and may sell or exchange investments acquired in the exercise of that authority~~((: PROVIDED, That the method of granting approval shall be determined by each board, respectively, in its sole discretion. The state finance committee shall execute all such transactions. Nothing in this section or any other provision of law shall be construed to grant the director any investment powers other than as to funds of those retirement systems designated in this section))~~.

Sec. 35. Section 5, chapter 10, Laws of 1965 as amended by section 11, chapter 108, Laws of 1975-'76 2nd ex. sess. and RCW 43.31.300 are each amended to read as follows:

The director of the department of commerce and economic development through the division of nuclear energy development, known as the office of nuclear energy development, in cooperation with the state energy office, shall, in addition to the powers and duties otherwise imposed by law, have the following special powers and duties:

(1) Expend such state funds as may be appropriated by the legislature in order to acquire, develop and operate land and facilities which the director believes will foster the development of the state's nuclear economic potential. Such acquisition may be by lease, dedication, purchase, or other arrangement: PROVIDED, HOWEVER, That nothing herein shall be deemed to authorize the state to acquire nuclear facilities or property to engage in competition with organizations or persons. The leasing from the Energy Research and Development Administration of one thousand acres of land lying within the boundaries of the Hanford works near Richland, Washington, in a lease executed on September 10, 1964, is an example of the proper exercise of powers within the purposes of this chapter.

(2) Lease, sublease, or sell real and personal properties to public or private bodies on a competitive basis and at a fair market value when the director believes that such transactions will foster the development of the state's nuclear economic potential.

The director may, however, on a competitive basis lease real and personal properties at less than fair market value on a short term basis if he

believes that the long term gain to the state's economic growth justifies such an agreement. Where the lease or sale requires the lessee or purchaser to use the premises for the operation of a specific type of activity, the notice to bidders shall specify the type of business activity required. Final selection among bidders shall, subject to the provisions herein, be by the director with the advice and consent of the state energy office.

(3) Enter into contracts with state and private institutions within the state for the carrying out of basic research in such uses of nuclear energy as may be helpful to the economic development of the state.

(4) Assure the maintenance of such insurance coverage by state licensees, lessees, or sublessees as will adequately, in the opinion of the director, protect the citizens of the state of Washington against nuclear incidents that may occur on privately or state controlled nuclear facilities.

(5) Assume responsibility for perpetual surveillance and/or maintenance of radioactive materials held for waste management purposes at any publicly or privately operated facility located within the state, in the event the parties operating such facilities abandon said responsibility, and whenever the federal government or any of its agencies has not assumed said responsibility.

In order to finance such perpetual surveillance and maintenance as the director may undertake, he may collect fees from private or public parties holding radioactive materials for waste management purposes at a total charge of not less than the prevailing rates at similar sites in the nation: PROVIDED, That in the event the estimated total of such fees will be insufficient to defray the estimated cost of administration of this responsibility for any next ensuing fiscal biennium, the director may prescribe additional fees as may be necessary to defray estimated waste management expenses for future fiscal bienniums. All such fees, when received by the director, shall be transmitted to the state treasurer, who shall act as custodian. The treasurer shall place the money in a special account, in the nature of a revolving fund, which may be designated "perpetual maintenance fund," to be disbursed on authorization of the director, or his designated representative. Disbursement shall be made in the manner prescribed by chapter 42.24 RCW, and shall be subject to post audit by the state auditor. No appropriations shall be required to permit expenditures and payment of obligations from such fund, but the condition of the fund and its administration shall be reported biennially to the legislature by the director. Moneys in the perpetual maintenance fund shall be invested by the state (~~finance committee~~) investment board in the manner as other state moneys: PROVIDED, HOWEVER, That any interest accruing as a result of investment shall accrue to the perpetual maintenance fund.

Additional moneys as may be specifically appropriated by the legislature, or received from any public or private source, may be placed in the perpetual maintenance fund. The perpetual maintenance fund shall be used

exclusively for surveillance and maintenance costs, or for otherwise satisfying surveillance and maintenance obligations.

(6) Enter into an agreement with the federal government or any of its authorized agencies to assume perpetual surveillance and/or maintenance of lands leased or purchased from the federal government or any of its authorized agencies and used as a burial or storage site for radioactive wastes.

Sec. 36. Section 43.43.170, chapter 8, Laws of 1965 as amended by section 2, chapter 12, Laws of 1969 and RCW 43.43.170 are each amended to read as follows:

Whenever the ~~((state patrol retirement board))~~ director of the department of retirement systems determines that the state patrol retirement fund contains moneys in excess of current needs, ~~((they shall authorize the state finance committee to))~~ the director shall notify the state investment board of such a condition and the state investment board shall invest such surplus in such bonds or other obligations as are or may be in the future authorized for the investment of the funds of the ((state)) public employees' retirement system.

Sec. 37. Section 43.43.175, chapter 8, Laws of 1965 and RCW 43.43.175 are each amended to read as follows:

All bonds or other obligations purchased according to RCW 43.43.170 shall be forthwith placed in the custody of the state treasurer, and he shall collect the principal thereof and interest thereon when due.

The state ~~((finance committee))~~ investment board may sell any of the bonds or obligations so acquired and the proceeds thereof shall be paid to the state treasurer.

The interest earned and proceeds from the sale or redemption of any bonds or other obligations held by the fund shall be credited to and form a part of the fund.

All amounts credited to the fund shall be available for making the payments required by RCW ~~((43.43.120))~~ 43.43.250 through ~~((43.43.330))~~ 43.43.320.

Sec. 38. Section 4, chapter 281, Laws of 1961 as amended by section 3, chapter 197, Laws of 1969 ex. sess. and RCW 47.12.210 are each amended to read as follows:

Such an agreement shall provide that the state finance committee shall purchase, at par, warrants drawn upon the motor vehicle fund in payment for the property covered by the agreement and the engineering costs necessary for such advance purchase or condemnation. Such warrants shall be purchased by the state finance committee, upon the presentation by the holders thereof to the state treasurer, from any moneys available for investment in ~~((: (1) The accident fund, medical aid fund, or the reserve fund created by chapter 51.44 RCW; or (2))~~ the state treasury ((available for investment)) as provided in RCW 43.84.080: PROVIDED, That in no event

shall more than ten percent of the assets of any fund be used for the purpose of acquiring property as authorized herein, except in the case of current state funds in the state treasury, twenty percent of the balance therein available for investment may be invested as provided in RCW 47.12.180 through 47.12.240.

Sec. 39. Section 47.58.070, chapter 13, Laws of 1961 and RCW 47.58-.070 are each amended to read as follows:

Notwithstanding any other provision of the law, bonds issued under this chapter shall be legal investments by the state (~~((finance committee))~~) investment board of any state moneys in its hands, except permanent school funds.

Sec. 40. Section 47.60.100, chapter 13, Laws of 1961 and RCW 47.60-.100 are each amended to read as follows:

Notwithstanding any other provision of the law, bonds issued by the authority shall be legal investments by the state (~~((finance committee))~~) investment board of any state moneys in its hands, except permanent school funds and motor vehicle funds.

Sec. 41. Section 51.44.100, chapter 23, Laws of 1961 as last amended by section 6, chapter 103, Laws of 1973 1st ex. sess. and RCW 51.44.100 are each amended to read as follows:

Whenever, in the judgment of the state (~~((finance committee))~~) investment board, there shall be in the accident fund, medical aid fund, or in the reserve fund, funds in excess of that amount deemed by (~~((such committee))~~) the state investment board to be sufficient to meet the current expenditures properly payable therefrom, the (~~((committee))~~) state investment board may invest and reinvest such excess funds in the manner prescribed by RCW 43.84.150, and not otherwise.

The state (~~((finance committee))~~) investment board may give consideration to the investment of excess funds in federally insured student loans made to persons in vocational training or retraining or reeducation programs. The state (~~((finance committee))~~) investment board may make such investments by purchasing from savings and loan associations, commercial banks, mutual savings banks, credit unions and other institutions authorized to be lenders under the federally insured student loan act, organized under federal or state law and operating in this state loans made by such institutions to residents of the state of Washington particularly for the purpose of vocational training or reeducation: **PROVIDED**, That the state (~~((finance committee))~~) investment board shall purchase only that portion of any loan which is guaranteed or insured by the United States of America, or by any agency or instrumentality of the United States of America: **PROVIDED FURTHER**, That the state (~~((finance committee))~~) investment board is authorized to enter into contracts with such savings and loan associations,

commercial banks, mutual savings banks, credit unions, and other institutions authorized to be lenders under the federally insured student loan act to service loans purchased pursuant to this section at an agreed upon contract price.

Sec. 42. Section 7, chapter 217, Laws of 1945 and RCW 73.12.060 are each amended to read as follows:

All money in the veterans' loan insurance fund and all money in the veterans' loan insurance reserve fund shall be invested by the state (~~(finance committee)~~) investment board and all expenses of the veterans' loan insurance division shall be paid by the director from the income from said investments, which expenses the director is hereby authorized to incur and pay.

Sec. 43. Section 2, chapter 207, Laws of 1975 1st ex. sess. and RCW 77.12.323 are each amended to read as follows:

(1) There is established in the state game fund an account to be known as the game special wildlife account. All moneys received pursuant to RCW 77.12.320 as now or hereafter amended as compensation for fish and wildlife losses shall be deposited in the game special wildlife account of the state game fund and shall be used only for purposes in support of RCW 77.12-.010, 77.12.030, and 77.12.175.

(2) The commission may advise the state treasurer and the state (~~(finance committee)~~) investment board of any surplus in the game special wildlife account above the current needs in support of game and wildlife. The state (~~(finance committee)~~) investment board may invest and reinvest such surplus of said account as the commission or department deems appropriate, except as otherwise prohibited by law, in an investment authorized by RCW 43.84.150, or in securities issued by the United States government as defined by RCW 43.84.080 (1) and (4), and all income received from such investments shall be deposited to the credit of the game special wildlife account in the state game fund.

NEW SECTION. Sec. 44. The amendment of RCW 2.10.080, 2.12-.070, 41.26.060, 41.26.070, and 41.40.080 by this 1980 act is intended solely to provide for the investment of state funds and is not intended to alter the administration of the affected retirement systems by the department of retirement systems under chapter 41.50 RCW.

NEW SECTION. Sec. 45. Sections 1 through 16 of this act shall constitute a new chapter in Title 43 RCW.

NEW SECTION. Sec. 46. Sections 2, 4, 5, 6, 7, 10, 11, 16, and 47 of this 1980 act shall take effect on July 1, 1980. The remaining sections of this 1980 act shall take effect on July 1, 1981.

NEW SECTION. Sec. 47. There is appropriated for the biennium ending June 30, 1981, to the state investment board from the investment reserve account the sum of five thousand dollars, or so much thereof as may

be necessary, to cover transitional costs incurred during the fiscal year ending June 30, 1981.

NEW SECTION. Sec. 48. The following acts or parts of acts are each repealed:

- (1) Section 43.33.020, chapter 8, Laws of 1965 and RCW 43.33.020;
- (2) Section 43.33.025, chapter 8, Laws of 1965 and RCW 43.33.025;
- (3) Section 7, chapter 103, Laws of 1973 1st ex. sess., section 112, chapter 34, Laws of 1975-'76 2nd ex. sess., section 3, chapter 251, Laws of 1977 ex. sess., section 1, chapter 119, Laws of 1979 and RCW 43.33.050;
- (4) Section 8, chapter 103, Laws of 1973 1st ex. sess. and RCW 43.33.060;
- (5) Section 9, chapter 103, Laws of 1973 1st ex. sess., section 26, chapter 105, Laws of 1975-'76 2nd ex. sess., section 4, chapter 251, Laws of 1977 ex. sess. and RCW 43.33.070;
- (6) Section 10, chapter 103, Laws of 1973 1st ex. sess. and RCW 43.33.080;
- (7) Section 11, chapter 103, Laws of 1973 1st ex. sess. and RCW 43.33.090;
- (8) Section 6, chapter 251, Laws of 1977 ex. sess., section 2, chapter 119, Laws of 1979 and RCW 43.33.110; and
- (9) Section 11, chapter 251, Laws of 1977 ex. sess. and RCW 43.33.120.

NEW SECTION. Sec. 49. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Passed the House March 7, 1980.

Passed the Senate March 6, 1980.

Vetoed by the Governor April 4, 1980.

Filed in Office of Secretary of State April 4, 1980.

Veto overridden by the House January 30, 1981.

Veto overridden by the Senate February 6, 1981.

Filed in Office of Secretary of State February 10, 1981.

Note: Governor's explanation of veto is as follows:

"I am returning herewith without my approval, Substitute House Bill No. 1610 entitled:

"AN ACT Relating to state investments."

House Bill No. 1610 represents a major restructuring of the state's investment management. One fourteen member board, which is made up in significant part by executive and legislative appointees, is to replace the numerous boards that now exist. It is the composition of this new board that concerns me.

I challenge the legislative participation on the board. The legislature's duty is to make laws. A necessary part of this is an evaluation of current laws and an objective evaluation of how these laws are being carried out. This evaluative role by

the legislature is critical and must not be hindered by a possible conflict of interest through actual participation in ongoing programs.

In addition, I question the appointed origin of the board members. The active and the retired members of the state's retirement systems must be responsive to public interest. The board that this bill proposes would be rife with appointed individuals who would be insulated from public accountability.

Lastly, I recognize the structural and administrative problems which this bill addresses. Many other states have selected a more centralized management system. However, since this bill would not significantly shift the state's investment authority until mid-1981, I am convinced that there is enough time to develop better alternatives to meet such challenges.

For the foregoing reasons, I have determined to veto Substitute House Bill No. 1610.

Respectfully submitted,

Dixy Lee Ray  
Governor"

Note: Chief Clerk of the House's letter informing the Secretary of State that the legislature has overridden the Governor's veto is as follows:

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"February 10, 1981

The Honorable Ralph Munro  
Secretary of State  
Legislative Building  
Olympia, WA 98504

Dear Mr. Munro:

We herewith transmit Substitute House Bill No. 1610, which was passed by the House of Representatives on January 30, 1981, and by the Senate on February 6, 1981, notwithstanding the Governor's Veto.

Yours very truly,

VITO T. CHIECHI  
Chief Clerk"

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CHAPTER 4

[Second Substitute House Bill No. 209]

STATE FUNDS, TRANSFERS

AN ACT Relating to state funds; amending section 28A.40.100, chapter 223, Laws of 1969 ex. sess. as amended by section 1, chapter 6, Laws of 1980 and RCW 28A.40.100; amending section 2, chapter 178, Laws of 1961 and RCW 79.64.020; amending section 8, chapter 294, Laws of 1971 ex. sess. as last amended by section 3, chapter 6, Laws of 1979 and RCW 84.33.080; amending section 3, chapter 212, Laws of 1977 ex. sess. as amended by section 1, chapter 164, Laws of 1979 ex. sess. and RCW 43.101.210; adding a new section to chapter 84.33 RCW; creating new sections; repealing section 1, chapter 70, Laws of