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HOUSE BILL 2444

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State of Washington                      52nd Legislature                      1992 Regular Session

By Representatives Valle, Bowman, H. Sommers, Chandler, Fraser, Silver and Ludwig

Read first time 01/16/92. Referred to Committee on State Government.

1            AN ACT Relating to the state investment board; amending RCW  
2 43.33A.020, 43.33A.030, 43.33A.040, 43.33A.070, and 43.33A.150; and  
3 adding a new section to chapter 43.33A RCW.

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

5            **Sec. 1.** RCW 43.33A.020 and 1985 c 195 s 1 are each amended to read  
6 as follows:

7            There is hereby created the state investment board to consist of  
8 ((fourteen)) seventeen members to be appointed as provided in this  
9 section.

10            (1) One member who is an active member of the public employees'  
11 retirement system and has been an active member for at least five  
12 years. This member shall be appointed by the governor, subject to  
13 confirmation by the senate, from a list of nominations submitted by

1 organizations representing active members of the system. The initial  
2 term of appointment shall be one year.

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

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

14 (4) The state treasurer or the assistant state treasurer if  
15 designated by the state treasurer.

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

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

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

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

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

25 (10) The director of financial management.

26 (11) The state auditor.

27 (12) The state actuary.

28 (13) Five (~~nonvoting~~) members appointed by the state investment  
29 board who are considered experienced and qualified in the field of  
30 investments.

1 The legislative members shall serve terms of two years. The  
2 initial legislative members appointed to the board shall be appointed  
3 no sooner than January 10, 1983. The position of a legislative member  
4 on the board shall become vacant at the end of that member's term on  
5 the board or whenever the member ceases to be a member of the senate or  
6 house of representatives from which the member was appointed.

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

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

16 **Sec. 2.** RCW 43.33A.030 and 1981 c 3 s 3 are each amended to read  
17 as follows:

18 Trusteeship of those funds under the authority of the board is  
19 vested in the voting members of the board. (~~The nonvoting members of~~  
20 ~~the board shall advise the voting members on matters of investment~~  
21 ~~policy and practices.)) In addition to other duties and  
22 responsibilities provided for in this chapter, the state investment  
23 board shall:~~

- 24 (1) Develop strategic asset allocation policies and guidelines;  
25 (2) Establish investment policies, guidelines, and objectives for  
26 the various funds;  
27 (3) Select and terminate investment managers;  
28 (4) Authorize and review all contracts;

1        (5) Delegate authority to the executive director necessary to carry  
2 out board policies and approved investment strategies.

3        The board may enter into contracts necessary to carry out its  
4 powers and duties. ~~((The board may delegate any of its powers and~~  
5 ~~duties to its executive director as deemed necessary for efficient~~  
6 ~~administration and when consistent with the purposes of this 1980~~  
7 ~~act.)) However, the board's contracts are subject to review and filing  
8 as specified in chapter 39.29 RCW and any rules, procedures, or  
9 guidelines established by the office of financial management under its  
10 authority contained in chapter 39.29 RCW.~~

11        **Sec. 3.** ~~RCW 43.33A.040 and 1981 c 219 s 2 are each amended to read~~  
12 ~~as follows:~~

13        ~~(1) A quorum to conduct the business of the state investment board~~  
14 ~~consists of at least ((four voting members of the board before January~~  
15 ~~10, 1983, and five)) nine voting members ((thereafter)). No action may~~  
16 ~~be taken by the board without the affirmative vote of ((four members~~  
17 ~~before January 10, 1983, and five)) nine members ((thereafter)).~~

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

22        **Sec. 4.** ~~RCW 43.33A.070 and 1981 c 3 s 7 are each amended to read~~  
23 ~~as follows:~~

24        ~~No member of the state investment board is liable for the~~  
25 ~~negligence, default, or failure of any other person or other member of~~  
26 ~~the board to perform the duties of the member's office and no member of~~  
27 ~~the board shall be considered or held to be an insurer of the funds or~~  
28 ~~assets of any of the trust and retirement funds ((nor is any nonvoting~~

1 ~~member liable for actions performed with the exercise of reasonable~~  
2 ~~diligence within the scope of the member's authorized activities as a~~  
3 ~~member of the board)).~~

4       **Sec. 5.** RCW 43.33A.150 and 1989 c 179 s 2 are each amended to read  
5 as follows:

6       (1) The state investment board shall prepare written reports at  
7 least quarterly summarizing the investment activities of the state  
8 investment board and the performance of the state's investments, which  
9 reports shall be sent to the governor, the senate ways and means  
10 committee, the house appropriations committee, the joint legislative  
11 committee on pension policy, the department of retirement systems, and  
12 other agencies having a direct financial interest in the investment of  
13 funds by the board, and to other persons on written request. The state  
14 investment board shall provide information to the department of  
15 retirement systems necessary for the preparation of monthly reports.

16       (2) At least annually, the board shall report on the board's  
17 investment activities and investment performance for the department of  
18 labor and industries' accident, medical aid, and reserve funds to the  
19 joint legislative committee on pension policy, the senate financial  
20 institutions and insurance committee, the senate economic development  
21 and labor committee, and the house commerce and labor committee, or  
22 appropriate successor committees.

23       NEW SECTION. **Sec. 6.** A new section is added to chapter 43.33A RCW  
24 to read as follows:

25       The state investment board shall prepare an investment plan every  
26 two years beginning January 1, 1993. The board shall submit the plan  
27 to the governor, the senate ways and means committee, the house  
28 appropriations committee, the joint legislative committee on pension

1 policy, the department of retirement systems, and other agencies as  
2 requested. The board shall make the plan available to the public upon  
3 written request.