
SUBSTITUTE HOUSE BILL 2444

State of Washington

52nd Legislature

1992 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Valle, Bowman, H. Sommers, Chandler, Fraser, Silver and Ludwig)

Read first time 02/11/92.

1 AN ACT Relating to the state investment board; amending RCW
2 43.33A.020, 43.33A.030, 43.33A.040, 43.33A.070, 43.33A.150, and
3 43.33A.010; and 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~~) sixteen 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 the office of the forecast council, who shall
26 be a nonvoting member.

27 (11) The state actuary, who shall be a nonvoting member.

28 (12) Five nonvoting members appointed by the state investment board
29 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 1st 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.))~~

22 The board may enter into contracts necessary to carry out its
23 powers and duties. ~~((The board may delegate any of its powers and
24 duties to its executive director as deemed necessary for efficient
25 administration and when consistent with the purposes of this 1980
26 act.))~~ However, the board's contracts are subject to review and filing
27 as specified in chapter 39.29 RCW and any rules, procedures, or
28 guidelines established by the office of financial management under its
29 authority contained in chapter 39.29 RCW.

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

3 ~~(1) A quorum to conduct the business of the state investment board~~
4 ~~consists of at least ((four voting members of the board before January~~
5 ~~10, 1983, and)) five voting members ((thereafter)). No action may be~~
6 ~~taken by the board without the affirmative vote of ((four members~~
7 ~~before January 10, 1983, and)) five members ((thereafter)).~~

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

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

14 No member of the state investment board is liable for the
15 negligence, default, or failure of any other person or other member of
16 the board to perform the duties of the member's office and no member of
17 the board shall be considered or held to be an insurer of the funds or
18 assets of any of the trust and retirement funds ~~((nor is any nonvoting~~
19 ~~member liable for actions performed with the exercise of reasonable~~
20 ~~diligence within the scope of the member's authorized activities as a~~
21 ~~member of the board))~~.

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

24 (1) The state investment board shall prepare written reports at
25 least quarterly summarizing the investment activities of the state
26 investment board and the performance of the state's investments, which
27 ~~((reports)) shall be made available to the public upon request. At~~
28 least annually, the board shall prepare a written report of board

1 activities and investment performance. The report shall be sent to the
2 governor, the senate ways and means committee, the house appropriations
3 committee, the joint legislative committee on pension policy, the
4 department of retirement systems, and other agencies having a direct
5 financial interest in the investment of funds by the board, and to
6 other persons on written request. The state investment board shall
7 provide information to the department of retirement systems necessary
8 for the preparation of monthly reports.

9 (2) At least annually, the board shall report on the board's
10 investment activities and investment performance for the department of
11 labor and industries' accident, medical aid, and reserve funds to the
12 joint legislative committee on pension policy, the senate financial
13 institutions and insurance committee, the senate economic development
14 and labor committee, and the house commerce and labor committee, or
15 appropriate successor committees.

16 NEW SECTION. Sec. 6. A new section is added to chapter 43.33A RCW
17 to read as follows:

18 The state investment board shall prepare an investment plan every
19 two years beginning January 1, 1993. The board shall submit the plan
20 to the governor, the senate ways and means committee, the house
21 appropriations committee, the joint legislative committee on pension
22 policy, the department of retirement systems, and other agencies as
23 requested. The board shall make the plan available to the public upon
24 written request.

25 **Sec. 7.** RCW 43.33A.010 and 1981 c 3 s 1 are each amended to read
26 as follows:

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

4 In addition to other duties and responsibilities provided for in
5 this chapter, the state investment board shall:

6 (1) Develop strategic asset allocation policies and guidelines;

7 (2) Establish investment policies, guidelines, and objectives for
8 the various funds;

9 (3) Select and terminate investment managers;

10 (4) Authorize and review all contracts; and

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