

CERTIFICATION OF ENROLLMENT

SENATE BILL 6192

Chapter 14, Laws of 1998

55th Legislature
1998 Regular Session

STATE INVESTMENT BOARD OPERATION

EFFECTIVE DATE: 6/11/98

Passed by the Senate February 11, 1998

YEAS 48 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House February 27, 1998

YEAS 95 NAYS 0

CLYDE BALLARD

**Speaker of the
House of Representatives**

Approved March 11, 1998

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 6192** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

Secretary

FILED

March 11, 1998 - 4:21 p.m.

GARY LOCKE

Governor of the State of Washington

**Secretary of State
State of Washington**

SENATE BILL 6192

Passed Legislature - 1998 Regular Session

State of Washington 55th Legislature 1998 Regular Session

By Senators Sellar, Snyder and Winsley; by request of State Investment Board

Read first time 01/13/98. Referred to Committee on Financial Institutions, Insurance & Housing.

1 AN ACT Relating to the operation of the state investment board; and
2 amending RCW 43.33A.140, 41.50.085, 43.84.061, and 43.84.150.

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

4 **Sec. 1.** RCW 43.33A.140 and 1981 c 3 s 14 are each amended to read
5 as follows:

6 (~~Any investments made by~~) The state investment board shall ((be
7 ~~made with the exercise of that degree of judgment and care, under~~
8 ~~circumstances then prevailing, which persons of prudence, discretion,~~
9 ~~and intelligence exercise in the management of their own affairs, not~~
10 ~~for speculation but for investment, considering the probable safety of~~
11 ~~their capital as well as the probable income to be derived)) invest and
12 manage the assets entrusted to it with reasonable care, skill,
13 prudence, and diligence under circumstances then prevailing which a
14 prudent person acting in a like capacity and familiar with such matters
15 would use in the conduct of an activity of like character and purpose.~~

16 The board shall:

17 (1) Consider investments not in isolation, but in the context of
18 the investment of the particular fund as a whole and as part of an

1 overall investment strategy, which should incorporate risk and return
2 objectives reasonably suited for that fund; and

3 (2) Diversify the investments of the particular fund unless,
4 because of special circumstances, the board reasonably determines that
5 the purposes of that fund are better served without diversifying.
6 However, no corporate fixed-income issue or common stock holding may
7 exceed three percent of the cost or six percent of the market value of
8 the assets of that fund.

9 **Sec. 2.** RCW 41.50.085 and 1977 ex.s. c 251 s 7 are each amended to
10 read as follows:

11 Any investments under RCW 43.84.150 by the state investment board
12 shall be made ((with the exercise of that degree of judgment and care,
13 under circumstances then prevailing, which men of prudence, discretion
14 and intelligence exercise in the management of their own affairs, not
15 for speculation but for investment, considering the probable safety of
16 their capital as well as the probable income to be derived)) in
17 accordance with the standards established in RCW 43.33A.140.

18 **Sec. 3.** RCW 43.84.061 and 1965 ex.s. c 104 s 6 are each amended to
19 read as follows:

20 Any investments made hereunder by the state investment board shall
21 be made ((with the exercise of that degree of judgment and care, under
22 circumstances then prevailing, which men of prudence, discretion and
23 intelligence exercise in the management of their own affairs, not for
24 speculation but for investment, considering the probable safety of
25 their capital as well as the probable income to be derived)) in
26 accordance with the standards established in RCW 43.33A.140.

27 **Sec. 4.** RCW 43.84.150 and 1981 c 98 s 1 are each amended to read
28 as follows:

29 Except where otherwise specifically provided by law, the state
30 investment board shall have full power to invest, reinvest, manage,
31 contract, or sell or exchange investments acquired. Investments shall
32 be made in accordance with RCW 43.33A.140 and investment policy duly
33 established and published by the state investment board. ((All funds
34 shall be sufficiently diversified and no corporate fixed income issue
35 or common stock holding may exceed three percent of the cost or six
36 percent of the market value of the assets of any fund.))

Passed the Senate February 11, 1998.
Passed the House February 27, 1998.
Approved by the Governor March 11, 1998.
Filed in Office of Secretary of State March 11, 1998.