

**Chapter 35.39 RCW**  
**FISCAL—INVESTMENT OF FUNDS**

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*Investment of*

*funds in federal agency bonds: Chapter 39.60 RCW.*

*municipal funds in savings and loan associations by county or other municipal corporation treasurer: RCW 36.29.020.*

*Municipal revenue bond act: Chapter 35.41 RCW.*

**RCW 35.39.030 Excess or inactive funds—Investment.** Every city and town may invest any portion of the moneys in its inactive funds or in other funds in excess of current needs in:

- (1) United States bonds;
- (2) United States certificates of indebtedness;
- (3) Bonds or warrants of this state;
- (4) General obligation or utility revenue bonds or warrants of its own or of any other city or town in the state;
- (5) Its own bonds or warrants of a local improvement district which are within the protection of the local improvement guaranty fund law; and
- (6) In any other investments authorized by law for any other taxing districts. [1975 1st ex.s. c 11 § 1; 1969 ex.s. c 33 § 1; 1965 ex.s. c 46 § 1; 1965 c 7 § 35.39.030. Prior: 1943 c 92 § 1; Rem. Supp. 1943 § 5646-13.]

**Effective date—1969 ex.s. c 33:** "This 1969 amendatory act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing political subdivisions; and shall take effect July 1, 1969." [1969 ex.s. c 33 § 4.] This applies to RCW 35.39.030 through 35.39.034.

**Construction—1965 c 7:** See RCW 35.39.050.

**RCW 35.39.032 Approval of legislative authority—Delegation of authority—Reports.** No investment shall be made without the approval of the legislative authority of the city or town expressed by ordinance: PROVIDED, That except as otherwise provided by law, the legislative authority may by ordinance authorize a city official or a committee composed of several city officials to determine the amount of money available in each fund for investment purposes and make the investments authorized as indicated in RCW 35.39.030 as now or hereafter amended and the provisions of RCW 35.39.034, without the consent of the legislative authority for each investment. The responsible official or committee shall make a monthly report of all investment transactions to the city legislative authority. The legislative authority of a city or town or city official or committee authorized to invest city or town funds may at any time convert any of its investment securities, or any part thereof, into cash. [1969 ex.s. c 33 § 2.]

**RCW 35.39.034 Investment by individual fund or commingling of funds—Investment in United States securities—Validation.** Moneys thus determined available for this purpose may be invested on an individual fund basis or may, unless otherwise restricted by law be commingled within one common investment portfolio for investment. All income derived from such investment shall be apportioned and used for the benefit of the various participating funds or for the benefit of the general or current expense fund as the governing body of the city of [or] town shall determine by ordinance or resolution: PROVIDED, That funds derived from the sale of general obligation bonds or revenue bonds or similar instruments of indebtedness shall be invested, or used in such manner as the initiating ordinances, resolutions, or bond covenants may lawfully prescribe.

Any excess or inactive funds on hand in the city treasury not otherwise invested, or required to be invested by this section, as now or hereafter amended, may be invested by the city treasurer in United States government bonds, notes, bills, certificates of indebtedness, or interim financing warrants of a local improvement district which is within the protection of the local improvement guaranty fund law for the benefit of the general or current expense fund.

All previous or outstanding investments of city or town funds for the benefit of the city's or town's general or current expense fund which have been or could be made in accordance with the provisions of this section, as now or hereafter amended, are declared valid. [1981 c 218 § 1; 1975 1st ex.s. c 11 § 2; 1969 ex.s. c 33 § 3.]

**RCW 35.39.050 Construction—1965 c 7.** RCW 35.39.030 shall be deemed cumulative and not exclusive and shall be additional to any other power or authority granted any city or town. [1983 c 3 § 56; 1965 c 7 § 35.39.050. Prior: 1943 c 92 § 3; Rem. Supp. 1943 § 5646-15.]

**RCW 35.39.060 Investment of pension funds.** Any city or town now or hereafter operating an employees' pension system with the approval of the board otherwise responsible for management of its respective funds may invest, reinvest, manage, contract, sell, or exchange

investments acquired. Investments shall be made in accordance with investment policy duly established and published by the board. In discharging its duties under this section, the board shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; shall diversify the investments of the employees' pension system so as to minimize the risk of large losses; and shall act in accordance with the documents and instruments governing the employees' pension system, insofar as such documents and instruments are consistent with the provisions of this title. [2013 c 23 § 62; 2009 c 549 § 2076; 1982 c 166 § 1.]

**Effective date—1982 c 166:** "This act shall take effect July 1, 1982." [1982 c 166 § 9.]

**RCW 35.39.070 City retirement system—Registration and custody of securities.** The city treasurer may cause any securities in which the city retirement system 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 city treasurer, the federal reserve system, the designee of the city treasurer, or at the election of the designee and upon approval of the city treasurer, the Pacific Securities Depository Trust Company Inc. or the Depository Trust Company of New York City or its designees.

With respect to the securities, the nominee shall act only on the direction of the retirement board. All rights to the dividends, interest, and sale proceeds from the securities and all voting rights of the securities shall be vested in the actual owners of the securities, and not in the nominee. [1982 c 166 § 2.]

**Effective date—1982 c 166:** See note following RCW 35.39.060.

**RCW 35.39.080 City retirement system—Investment advisory committee.** The retirement board of any city which is responsible for the management of an employees' retirement system established to provide retirement benefits for nonpublic safety employees shall appoint an investment advisory committee consisting of at least three members who are considered experienced and qualified in the field of investments. [1982 c 166 § 3.]

**Effective date—1982 c 166:** See note following RCW 35.39.060.

**RCW 35.39.090 City retirement system—Investment advisory committee—Powers and duties.** In addition to its other powers and duties, the investment advisory committee shall:

- (1) Make recommendations as to general investment policies, practices, and procedures to the retirement board;
- (2) Review the investment transactions of the retirement board annually;

(3) Prepare a written report of its activities during each fiscal year. Each report shall be submitted not more than thirty days after the end of each fiscal year to the retirement board and to any other person who has submitted a request therefor. [1982 c 166 § 4.]

**Effective date—1982 c 166:** See note following RCW 35.39.060.

**RCW 35.39.100 City retirement system—Investment advisory committee—Employment of members.** No advisory committee member during the term of appointment may be employed by any investment brokerage or mortgage servicing firm doing business with the retirement board. [1982 c 166 § 5.]

**Effective date—1982 c 166:** See note following RCW 35.39.060.

**RCW 35.39.110 City retirement system—Investment advisory committee—Liability of members.** No member of the investment advisory committee is liable for the negligence, default, or failure of any other person or other member of the committee to perform the duties of his or her office, and no member of the committee may be considered or held to be an insurer of the funds or assets of the retirement system nor shall any member be liable for actions performed with the exercise of reasonable diligence within the scope of his or her duly authorized activities as a member of the committee. [1982 c 166 § 6.]

**Effective date—1982 c 166:** See note following RCW 35.39.060.