

HOUSE BILL ANALYSIS

ON

HB 1585

Brief Description: *Authorizing the state investment board to delegate certain powers and duties.*

BACKGROUND: The Legislature created the Washington State Investment Board in 1981 to administer public trust and retirement funds. There are 14 members that serve on the board: one representative of retired public employees; one representative of retired law enforcement officers and fire fighters; one representative of retired teachers; the State Treasurer; a member of the state House of Representatives; a member of the state Senate; a representative of retired state employees; the Director of the Department of Labor and Industries; the Director of Retirement Systems; and five nonvoting members appointed by the State Investment Board with experience in making investments.

Washington law requires that the State Investment Board establish investment policies and procedures that are designed to maximize return at a prudent level of risk. However, the Department of Labor and Industries' accident, medical aid, and reserve funds, investment policies and procedures are designed to limit fluctuations in industrial insurance premiums, and subject to that purpose, maximize returns at a prudent level of risk.

The State Investment Board manages 23 funds which total approximately \$35 billion. The funds are divided into three classes: retirement, insurance, and permanent. The board has the authority to hire an executive director for a three-year term. The board may delegate to the executive director any of its powers or duties. The State Investment Board utilizes external investment advisors and managers that possess specialized skills in various investment markets.

SUMMARY: The State Investment Board's executive director is permitted to delegate to his or her staff the powers or duties given to the executive director by the board. The powers that may be delegated include the ability to make investment decisions and investment contracts on behalf of the board. The board, the executive director, or the staff delegee are permitted to give investment advisors and managers authority to make, manage, or dispose of investments according to criteria established by the board or the executive director.

Fiscal Note: *Requested.*

Effective Date: *Ninety days after adjournment of session in which bill is passed.*

Rulemaking: *No authority.*