AGENDA
EXECUTIVE FINANCE COMMITTEE
January 31, 2008 at 1:30 P.M.
Location: Treasury Conference Room, KC Admin. Bldg., Room 610 (6th Floor)

Committee Members: Councilmember Larry Phillips, Chair; Bob Cowan, Director OMB; Ken Guy, Director FBOD; Jim Buck, County Administrative Officer

Staff: Phil Sanders, Treasury Manager; Mike Smith, Investment Officer; Dave Turley, Financial Accounting Supervisor

AGENDA ITEMS

1. Briefing: School District presentation on the investment pool's fee structure
   Grace Yuan, K&L Gates
   Janene Fogard, Deputy Superintendent, Lake Washington School District
   Jake Kuper, Executive Director of Finance, Issaquah School District
   Martin Turney, Director of Accounting, Issaquah School District

2. Action: Approval of Minutes of the December 6, 2007 Executive Finance Committee meeting. (page 3)

3. Action: Approval of the interfund-borrowing request from the Wastewater Treatment Division (WTD) for ARMS fund 3611. WTD is requesting to borrow up to $150 million. The loan will be repaid when revenue bonds are sold; this is expected to happen before May 31, 2008. (pages 4-5)
   Tim Aratani, Manager, Finance and Administrative Services
   Dennis Barnes, Senior Budget and Financial Analyst

4. Action: Approval of the interfund borrowing request by the King County Ferry District. (Handout)

5. Briefing: Commercial Paper Update
   Ken Guy, Finance Director

6. Briefing: Interfund Borrowing for December 2007
   - Automated Lending & Borrowing. County Tier 2 Funds – Interest on Interfund Loans (page 6)
   - Pooled Tier 1 County Funds with Negative Cash Balances (page 7)
   - Excluded County Funds with Negative Balances - Tier 2 Funds Not Paying Interest (page 8)

   Dave Turley, Financial Accounting Supervisor

   - Interfund Loans Among Non-County Funds (pages 9-10)
   - Interfund Borrowings – EFC Approved Loans (page 11)

   Mike Smith, Investment Officer

7. Briefing: December 2007 Investment Summary
   - Investment Purchase Summary (page 12)
   - Reverse Repo Analysis and Policy Compliance (page 13)
   - Residual Investment Fund Summary (page 14)
   - Issuer Diversification and Credit Exposure Report (page 15)
   - Investment performance review (pages 16-20)
   - Interest Rate Summary (page 21)

   Mike Smith, Investment Officer

8. Action: Committee's direction for investment of idle cash balances of specific County funds not needed for immediate expenditure.

   Staff Recommendation: Direct the Treasury to maintain the maximum average duration of the core portfolio at the 1.4 to 2.2 year range (no change from last meeting) and the maximum average maturity for the liquidity portfolio at 30 to 100 days (no change from last meeting).
   Mike Smith, Investment Officer

OTHER BUSINESS

ADJOURNMENT

MINUTES
EXECUTIVE FINANCE COMMITTEE
December 6, 2007

The Executive Finance Committee (EFC) Meeting was held December 6, 2007 at 1:30 p.m.

Members Present	Others Present	Members Absent
Jim Buck	William Nogle	Bob Ferguson
Bob Cowan	Mamie Marcus	
Ken Guy	Pat Hamacher	
	Caroline McShane	
	Peggy Pahl	
	Phil Sanders	
	Mike Smith	
	Pete Anthony	
	Hall Walker	

ACTION ITEMS

1. ***Minutes*** – The Committee approved the Minutes of the October 25, 2007 EFC meeting.
2. ***Interfund Loan*** – The Committee approved the extension of the Printing/Graphics Fund's borrowing authority through December 31, 2008 by a vote of 4 to 0.
3. ***Investment Direction*** – The Committee approved the Treasury recommendation to maintain the maximum average duration of the core portfolio at the 1.4 to 2.2 year range and the maximum average maturity for the liquidity portfolio at 30 to 100 days.

BRIEFINGS

1. ***Restructuring Commercial Paper*** –The Committee discussed the options presented in the briefing paper on the impaired commercial paper securities. The Committee directed Treasury staff to redraft "Option 2" into policy format for reconsideration at a special EFC meeting to be held on December 13, 2007.
2. ***Interfund Borrowing*** – The Committee was provided a review of interfund borrowings during October 2007.
3. ***Investment Review for October 2007*** – The Committee was provided a review of investment performance, activity, and the distribution of investment holdings by maturity, security type, credit rating, and issuer. Analysis of actual versus budgeted amounts for Pool earnings and fees were reviewed. Reverse repurchase activity for the month was also reviewed, and the Committee was briefed on the current interest rate and economic environment.

OTHER BUSINESS

None

Phil Sanders, Treasury Operations Manager

January 24, 2008

TO: The Executive Finance Committee

FM: Tim Aratani, TA
Manager, Finance and Administrative Services, Wastewater Treatment Division

RE: Borrowing Request

The purpose of this memo is to request approval from the Executive Finance Committee for the Wastewater Treatment Division (WTD) to borrow funds using the automated interfund borrowing system to provide uninterrupted funding for its capital improvement program (ARMS fund 3611) during the months of February through April.

WTD plans to issue revenue bonds of approximately $330 million in early April of this year, with an expected settlement date by the end of April. As of January 24, WTD has approximately $15 million available to fund its capital program until these bond proceeds are received. Based on WTD's adopted budget forecast of capital expenditures for 2008 of $443 million, we are spending on a levelized basis $37 million per month. Based on this expenditures pattern, it is expected that WTD will need to borrow on a short-term basis funds from the King County Pool totaling approximately $150 million through May, which provides one month borrowing beyond the expected bond issue. Any interfund borrowing will be repaid from the proceeds of the issuance of revenue bonds. Attached is copy of WTD's most current financial plan which accompanied the 2008 Adopted Budget.

Thank you for consideration of this request.

cc: Theresa Jennings, Director, Department of Natural Resources and Parks (DNRP)
John Bodia, Chief Financial Officer, Department of Natural Resources and Parks
Christie True, Division Director, Wastewater Treatment Division, DNRP
Dennis Barnes, Senior Financial Analyst, Wastewater Treatment Division, DNRP

WASTEWATER TREATMENT ENTERPRISE 2008 ADOPTED BUDGET FINANCIAL PLAN

	2006 Audited	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
CUSTOMER EQUIVALENTS (RCEs)	690.93	694.39	697.86	701.35	704.86	709.79	714.76
MONTHLY RATE	$25.60	$27.95	$27.95	$32.97	$35.77	$37.62	$39.03
BEGINNING OPERATING FUND	22,048	23,168	32,123	15,175	10,677	11,304	12,998
OPERATING REVENUE:							
Customer Charges	212,117	232,898	234,062	277,484	302,564	320,444	334,750
Investment Income	9,131	13,189	15,179	17,730	12,660	12,155	10,749
Capacity Charge	22,222	24,000	28,032	32,585	37,389	42,476	47,676
Rate Stabilization	0	(8,250)	17,650	5,100	0	0	0
Other Income	6,978	7,337	7,222	7,439	7,662	7,892	8,128
TOTAL OPERATING REVENUES	250,448	269,174	302,145	340,338	360,276	382,967	401,304
OPERATING EXPENSE	(91,120)	(95,820)	(100,392)	(104,408)	(108,584)	(119,883)	(131,940)
DEBT SERVICE REQUIREMENT PARITY DEBT	(111,613)	(124,651)	(149,931)	(176,763)	(188,405)	(198,197)	(203,476)
SUBORDINATED DEBT SERVICE	(13,009)	(19,793)	(23,162)	(26,075)	(27,674)	(28,370)	(28,545)
DEBT SERVICE COVERAGE RATIO PARITY DEBT	1.43	1.39	1.35	1.33	1.34	1.33	1.32
DEBT SERVICE COVERAGE RATIO TOTAL PAYMENTS	1.28	1.18	1.15	1.15	1.15	1.15	1.15
LIQUIDITY RESERVE CONTRIBUTION	(1,120)	(705)	(702)	(602)	(626)	(1,695)	(1,809)
TRANSFERS TO CAPITAL	(33,586)	(28,205)	(27,959)	(32,491)	(34,986)	(34,822)	(35,534)
RATE STABILIZATION RESERVE	14,500	22,750	5,100	0	0	0	0
OPERATING LIQUIDITY RESERVE BALANCE	8,668	9,373	10,075	10,677	11,304	12,998	14,807
OPERATING FUND ENDING BALANCE	23,168	32,123	15,175	10,677	11,304	12,998	14,807

CONSTRUCTION FUND

BEGINNING FUND BALANCE	48,136	33,500	42,791	5,220	5,108	5,243	5,374
REVENUES:							
Parity Bonds	150,000	250,000	329,500	445,290	193,167	157,368	84,860
Variable Debt Bonds	50,000	36,538	48,007	60,173	21,728	15,805	4,480
Grants & Loans	13,008	10,459	5,751	10,069	1,205	0	0
Other	1,371	2,000	2,000	2,000	2,000	2,000	2,000
Transfers From Operating Fund	33,586	28,205	27,959	32,491	34,986	34,822	35,534
TOTAL REVENUES	247,965	327,202	413,217	550,023	253,086	209,995	126,874
CAPITAL EXPENDITURES	(266,830)	(320,077)	(442,509)	(539,091)	(246,788)	(206,599)	(125,000)
DEBT ISSUANCE COSTS	(1,565)	(1,890)	(6,830)	(9,207)	(3,972)	(3,226)	(1,720)
BOND RESERVE TRANSACTIONS	0	0	0	0	0	0	0
AMOUNTS TO ASSET MANAGEMENT RESERVE	(3,000)	0	0	0	0	0	0
ADJUSTMENTS	8,795	4,055	(1,449)	(1,838)	(2,191)	(39)	0
ENDING FUND BALANCE	33,500	42,791	5,220	5,108	5,243	5,374	5,528
CONSTRUCTION FUND RESERVES							
Bond & SRF Reserves	72,845	72,845	73,181	73,519	74,210	74,249	74,249
Policy Reserves	16,500	18,000	19,500	21,000	22,500	22,500	22,500
TOTAL FUND RESERVES	89,345	90,845	92,681	94,519	96,710	96,749	96,749
CONSTRUCTION FUND BALANCE	122,845	133,635	97,901	99,627	101,953	102,123	102,277

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INTEREST ON INTERFUND LOANS — RECAP BY FUND

FUND	AVG BORROWED	AVG LOANED	BORROWED	LOANED	INTEREST-PAID	INT-RECEIVED	
00-000-001-0		181,265.96		5,619,244.79		702.01	CURRENT EXPENSE SUB-FUND
00-000-180-0	7,083.29		219,581.91		27.43		PUBLIC HEALTH
18-001-553-0	174,182.67		5,399,662.88		674.58		IBIS PAYROLL CLEARING
REPORT TOTAL	181,265.96	181,265.96	5,619,244.79	5,619,244.79	702.01	702.01	

POOLED FUNDS WITH NEGATIVE CASH BALANCES

FUND	DATE	FUND DESCRIPTION	LOWEST CASH	AVERAGE CASH
00-000-121-0	12-31-07	SHARED SERVICES FUND	142,866.50-	2,251,146.28
00-000-329-2	12-05-07	SWM CIP NON-BOND SUBFUND	1,840,247.94-	1,441,930.85-
00-000-352-2	12-31-07	OS KC NON BND FND SUBFUND	2,334,621.46-	1,866,052.93-
00-000-352-3	12-28-07	LTGO BAN REDMPTN 2004B	68,360.51-	14,889.62-
00-000-379-1	12-01-07	HMC/MEI 2000 PROJECTS	382.35-	3,726.64
00-000-380-2	12-02-07	BC & I 2001 BAN PROCEEDS	2,769,526.39-	2,667,449.55-
00-000-384-2	12-05-07	FARMLAND CONSERVATN PROG	154,874.49-	87,692.35-
00-000-395-1	12-01-07	BLDG REPAIR/REPL SUBFUND	5,164,034.95-	1,809,536.57-
00-000-560-0	12-27-07	PRINTING/GRAPHIC ARTS SRV	1,834,223.43-	1,623,660.48-
00-000-892-1	12-03-07	JR LEIN MULTI-M S REV2006	303,698.64-	19,593.46-

EXCLUDED FUNDS WITH NEGATIVE CASH BALANCES

FUND	DATE	FUND DESCRIPTION	LOWEST CASH	AVERAGE CASH
00-000-224-0	12-05-07	WORK TRAINING PROGRAM	1,155,068.05-	1,060,619.77-
00-000-224-1	12-10-07	DISPLACED WKR PROG ADMIN	862,485.69-	747,650.43-
00-000-621-0	12-01-07	RESIDUAL INVESTMENTS	4,786,774,519.20-	4,331,057,039.19-
00-000-667-0	12-01-07	DEBT SERVICE CLEARING FND	58,199.00-	3,754.77-
00-000-677-0	12-01-07	PROPERTY TX SUSPENSE FUND	686,913.89-	333,509.28-
00-000-697-0	12-01-07	MAILROOM PROP TAX REFUND	100.00-	1,510.71

INTERFUND LOANS AMONG NON-COUNTY FUNDS

FUND	AVG BORROWED	AVG CASH BAL	BORROWED	FUND DESCRIPTION
05-001-001-0	8,020.76	6,597.64	248,643.58	PORT-GENERAL FUND
06-400-001-0	11,375.52	6,304,622.96	352,641.42	MERCER IS SCH GEN REG FND
06-401-001-0	386,074.87	177,732,044.15	11,968,321.10	HIGHLINE SCH GEN REG FUND
06-402-001-0	19,950.18	4,659,142.30	618,455.88	VASHON SCH GENERAL REG FD
06-403-001-0	88,449.87	52,879,616.30	2,741,946.24	RENTON SCH GENERAL REG FD
06-409-001-0	.05	12,779,053.42	1.79	TAHOMA SCH GENERAL REG FD
06-412-001-0	85,735.64	58,960,881.14	2,657,804.98	SHORELINE SCH GEN REG FD
06-415-001-0	10,903.96	78,046,607.95	338,022.92	KENT SCH GENERAL REG FUND
07-036-001-0	18.86	362,135.46	584.95	BELLEVUE GEN TAX REG FUND
07-042-001-0	45.85	4,981.52	1,421.61	BLACK DIAMOND GEN TX RG C
07-045-001-0	4,753.66	11,881.78	147,363.53	BOTHELL GENERAL TAX REG C
07-053-001-0	37.94	29,372.39	1,176.36	BURIEN GENERAL
07-061-001-0	1,314.92	1,237.84-	40,762.81	CARNATION GEN TAX REG T
07-072-001-0	50.27	5,995.23	1,558.64	CLYDE HILL GEN TAX REG T
07-095-001-0	30.22	35,836.34	936.88	DES MOINES GEN TAX REG C
07-111-001-0	55.86	10,119.81	1,731.71	DUVALL GEN TAX REGULAR T
07-135-001-0	517.95	6,073.53	16,056.71	ENUMCLAW GEN TAX REG C
07-260-001-0	26,282.89	80,147.10	814,769.73	ISSAQUAH GEN TAX REG C
07-305-001-0	8.75	109,375.00	271.27	KENT GEN TAX REG C
07-309-001-0	4,549.21	66,313.62	141,025.58	KIRKLAND GEN TAX REG C
07-331-001-0	12.87	10,274.91	399.12	LAKE FOREST PK GN TX RG C
07-365-001-0	3,194.72	14,549.30	99,036.55	MEDINA GEN TAX REGULR C
07-366-001-0	48.02	49,839.46	1,488.91	MERCER ISLAND GN TX REG C
07-369-001-0	5.81	339.73	180.27	MILTON GENERAL TAX REG T
07-385-001-0	762,071.28	749,773.96-	23,624,209.75	NEWCASTLE GENERAL TAX REG
07-406-001-0	6.99	2,873.65	216.90	NORTH BEND GEN TAX REG T
07-451-001-0	41.74	2,380.49	1,294.11	PACIFIC GEN TAX REG C
07-515-001-0	499.65	52,809.82	15,489.42	REDMOND GEN TAX REG C

INTERFUND LOANS AMONG NON-COUNTY FUNDS

FUND	AVG BORROWED	AVG CASH BAL	BORROWED	FUND DESCRIPTION	
07-520-001-0	675.21	64,718.58	20,931.70	RENTON GEN TAX REG	C
07-530-001-0	116.80	70,574.25	3,620.80	SAMMAMISH GEN TAX REG	
07-542-001-0	7,727.25	7,112.68	239,544.77	SEATAC GEN TAX REG	
07-545-001-0	635,679.36	737,242.90	19,706,060.27	SEATTLE GEN TAX REG	C
07-548-001-0	21.34	63,526.91	661.83	SHORELINE GENERAL TAX	
07-551-001-0	8.25	72.75	256.02	SKYKOMISH GEN TAX REG	T
07-554-001-0	115.90	36,564.95	3,593.15	SNOQUALMIE GEN TAX REG	T
07-591-001-0	91.57	24,456.15	2,838.91	TUKWILA GEN TAX REG	C
07-721-001-0	8.60	7,197.61	266.80	YARROW POINT GN TX REG	T
09-054-001-0	791.81	849,892.21	24,546.36	WATER 54 MAINTENANCE	
09-108-001-0	958.91	4,681,713.22	29,726.45	CEDAR RVR W & S MAINT	
10-002-001-0	2,257.68	9,524,141.83	69,988.27	FIRE 2 EXPENSE	
10-004-001-0	52.51	8,644,562.40	1,627.86	SHORELINE FIRE EXP FUND	
10-036-001-0	317.09	5,987,707.00	9,830.04	FIRE 36 EXPENSE	
11-333-001-0	13,725.03	25,385,841.94	425,476.16	LAKEHAVEN MAINTENANCE	
14-004-001-0	159,832.17	338,606.68	4,954,797.52	HOSPITAL 4 GENERAL	
16-128-001-0	30.61	30.61-	948.91	RID 128 ENHANCED	
16-129-001-0	1,031.19	1,031.19-	31,966.89	RID 129 ENHANCED	
16-131-001-0	9,862.82	9,862.82-	305,747.42	RID 131 ENHANCED	
16-133-001-0	48,007.83	48,007.83-	1,488,242.73		
REPORT TOTAL	2,295,370.50	2,709,960,858.55	71,156,485.58		

Interfund Borrowings (Investment System)

12/31/07

Borrowing Entity	Borrowing Fund Number	Fund Name	Reason For Loan & Repayment Method	Loan Amount Authorized	Fund Balance at Month-end	Average Amount Borrowed	Interest Paid in Current Month	Term of Loan	Loan Rate	Lending Entity	Date of EFC Approval
King County	00-000-3691	Transfer of Dev Credit Program	Acquire density rights in rural areas. Repayment from future LTGO bond issue or unencumbered Conservation Futures Fund revenues (LTGO bonds never issued),	$1,500,000	$563,014	$0	$0	2/28/2009	Pool Rate	CX/Residual	2/19/1999
King County	00-000-5600	Printing/Graphics Arts Fund	Interim funding to allow the fund to recover from slow business cycle. Repayment from future revenues generated from new customers.	Original Loan $450,000. Revised Amts: $862,000 $1,075,000 $1,730,214, $2,000,000	($1,671,917)	$1,623,660	$6,284	6/30/2005, 9/30/05, 12/31/05, 1/31/06, 3/31/06, 7/31/06, 10/31/06, 1/31/07, 3/31/07, 5/31/07, 6/30/07, 8/31/07, 10/31/07, 12/31/07, 12/31/08	Pool Rate	CX/Residual	1/27/2005, 6/23/05, 9/22/05, 12/15/05, 1/26/06, 3/24/06, 7/28/06, 10/27/06, 1/29/07, 3/22/07, 5/24/07, 6/28/07, 8/23/07, 10/25/07, 12/6/07
Road Improvement District	16-127-3010	RID 127	Road improvements. Repayment from taxpayer assessments	$500,000	$184	$0	$0	Open	Pool Rate	CX/Residual	6/21/2001
Road Improvement District	16-128-3010	RID 128	Road improvements. Repayment from taxpayer assessments	$500,000	($31)	$31	$0	Open	Pool Rate	CX/Residual	6/21/2001
Road Improvement District	16-129-3010	RID 129	Road improvements. Repayment from taxpayer assessments	$500,000	($1,031)	$1,031	$4	Open	Pool Rate	CX/Residual	6/21/2001
Road Improvement District	16-130-3010	RID 130	Road improvements. Repayment from taxpayer assessments	$500,000	$1,395	$0	$0	Open	Pool Rate	CX/Residual	6/21/2001
Road Improvement District	16-131-3010	RID 131	Road improvements. Repayment from taxpayer assessments	$500,000	($9,863)	$9,863	$38	Open	Pool Rate	CX/Residual	6/21/2001
Road Improvement District	16-132-3010	RID 132	Road improvements. Repayment from taxpayer assessments	$500,000	$17,450	$0	$0	Open	Pool Rate	CX/Residual	6/21/2001
Road Improvement District	16-133-3010	RID 133	Road improvements. Repayment from taxpayer assessments	$500,000	($48,008)	$48,008	$186	Open	Pool Rate	CX/Residual	6/21/2001

Interfund Borrowings (Direct Loans)

12/31/07

Borrowing Entity	Borrowing Fund Number	Fund Name	Reason For Loan & Repayment Method	Loan Amount Authorized	Loan Outstanding at Month-end	Fund Balance At Month-end	Interest Paid	Term of Loan	Loan Rate	Lending Entity	Date of EFC Approval
King County	00-000-2140	Miscellaneous Grants Fund	Cash flow. No repayment scheduled	$700,000	$300,000	$2,392,512	$0	Open	0%	CX/Residual	11/26/1975
King County	00-000-3160	Parks, Recreation & Open Space	Purchase of East Lake Sammamish Trail Property. Repayment over 10 years.	$1,173,449	$44,544	$1,809,275	$172	7/31/2008	Pool Rate	Public Trans Fund (3641)	7/28/1998
King County	00-000-3641	Public Transportation Capital Fd	Compensation for delay of property sale. Repayment from property sale.	$3,500,000	$3,500,000	$67,134,349	$0	4/30/2006, 4/30/2007, 4/30/08	0%	CX/Residual	4/28/2005, 4/28/2006, 4/26/07

INVESTMENT PURCHASES SUMMARY
DECEMBER 2007

OVERNIGHT REPOS

DEALER	BUYS	TOTAL AMOUNT OF REPOS	AVG DAYS	AVG YIELD
FIRST BOSTON	20	$2,251,000,000	1.46	4.49%

TERM REPOS

DEALER	BUYS	TOTAL AMOUNT OF REPOS	AVG DAYS	AVG YIELD
FIRST BOSTON	1	$ 60,000,000	58.00	4.63%
UBS FINANCIAL	1	40,000,000	51.00	4.63
TOTAL	2	$ 100,000,000	55.20	4.63%

DISCOUNT NOTES

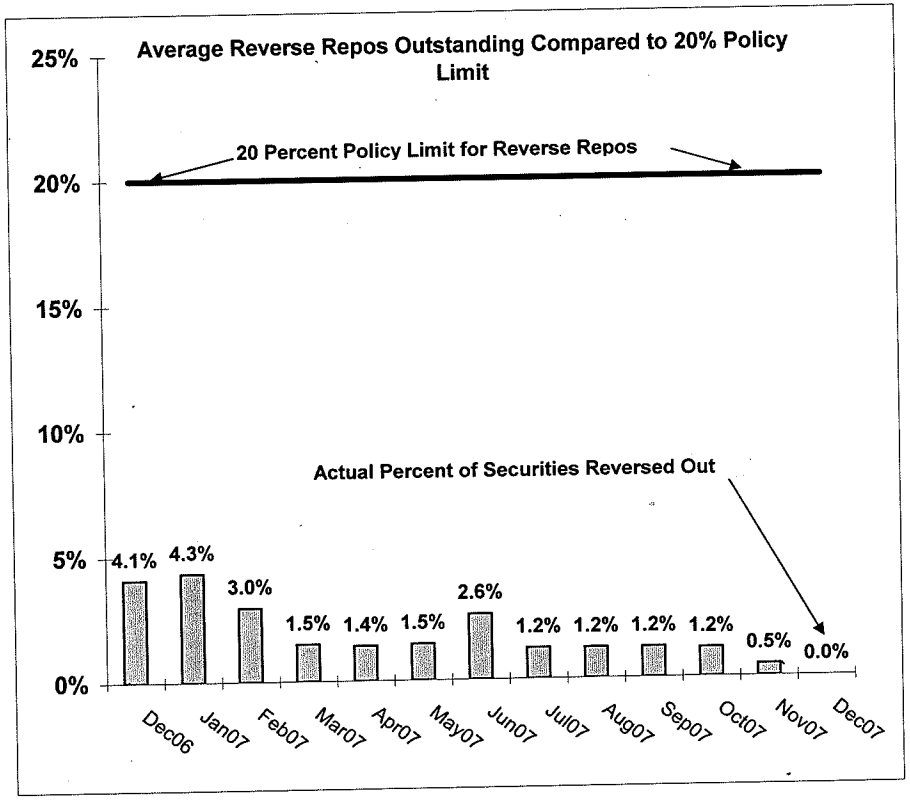
DEALER	BUYS	TOTAL FACE AMOUNT	TOTAL COST	AVG DAYS	AVG YIELD
DEUTCHEBANK	4	$ 248,000,000	$ 244,526,634	122.65	4.24%
FIRST BOSTON	4	108,578,000	106,344,268	181.17	4.23
GOLDMAN SACHS	1	50,000,000	49,460,319	91.00	4.38
LEHMAN BROTHERS	3	125,000,000	123,481,889	104.00	4.31
MERRILL LYNCH	2	54,200,000	53,449,949	122.96	4.17
UBS FINANCIAL	3	150,000,000	147,066,319	171.00	4.25
TOTAL	17	$ 735,778,000	$ 724,329,379	135.80	4.25%

CDs

DEALER	BUYS	TOTAL AMOUNT OF CDs	AVG DAYS	AVG YIELD
STERLING SAVINGS	1	$ 25,000,000	103.00	4.90%

REVERSE REPO ANALYSIS
Dec-2007

Reverse	Settlement Date	End Date	Par	Security Detail	Credit Rating	Proceeds	Interest Rate	Proceeds at Maturity
NO NEW ACTIVITY								



RESIDUAL INVESTMENT FUND SUMMARY

DATE: 01/29/2008

Maturity Range	Amount Invested	Percent of Portfolio	Cumulative Percentag	Average Yield
1 - 29 Days	1,008,550,904	25.6%		3.42%
30 - 59 Days	275,895,775	7.0%	32.6%	4.16%
60 - 89 Days	320,073,931	8.1%	40.7%	4.49%
90 - 119 Days	268,681,063	6.8%	47.5%	4.77%
120 - 149 Days	530,884,194	13.5%	60.9%	4.65%
150 - 179 Days	387,624,505	9.8%	70.8%	3.98%
180 - 364 Days	255,560,888	6.5%	77.2%	4.60%
1 - 2 Years	69,885,416	1.8%	79.0%	4.94%
2 - 3 Years	124,464,976	3.2%	82.2%	4.96%
3 - 4 Years	268,126,781	6.8%	89.0%	5.52%
4 - 5 Years	349,927,136	8.9%	97.8%	5.30%
5+ Years	86,030,103	2.2%	100.0%	4.52%
TOTAL	3,945,705,673	100.0%		

Security Type	Amount Invested	Percent Of Portfolio	Limits
Repurchase Agreements	172,790,000	4.4%	40%
Certificates of Deposit	795,314,882	20.2%	20%
State Investment Pool	354,478,294	9.0%	100%
Commercial Paper	202,254,182	5.1%	25%
Bankers' Acceptances	0	0.0%	40%
Treasuries	0	0.0%	100%
Agencies	2,267,938,107	57.5%	75%
Mortgage Backed Securities	86,030,103	2.2%	25%
Municipals	66,900,105	1.7%	20%
TOTAL	3,945,705,673	100.0%	

Average Yield = 4.36%
Average Days to Maturity = 463.15

RESIDUAL INVESTMENT POOL
ISSUER DIVERSIFICATION AND CREDIT EXPOSURE
12/31/07

			Credit Agency Ratings (1)			Bank Ratings (2)	
CDs --7.5% PER ISSUER. IDC RATING: 3 OR BETTER	Book Value	% of Portfolio	S&P	Moody's	Fitch	IDC	CAEL℠
Key Bank	270,314,882.15	6.3%	A-1	P-1	F1	1	3
Bank of America	150,000,000.00	3.5%	A-1+	P-1	F1+	1	3
U.S. Bank	100,000,000.00	2.3%	A-1+	P-1	F1+	1	2
Washington Mutual Bank	100,000,000.00	2.3%	A-1	P-2	F2	2	4
Commerce Bank	50,000,000.00	1.2%			F1	1	2
Homestreet Bank	50,000,000.00	1.2%				1	2
Sterling Savings Bank	50,000,000.00	1.2%			F3	1	2
Washington Federal S&L	50,000,000.00	1.2%			F1	1	2
Frontier Bank	25,000,000.00	0.6%				1	2
COMMERCIAL PAPER -- 5% PER ISSUER. RATED BY 2 AGENCIES; RATING OF AT LEAST A-1, P-1, OR F1.							
Mainsail II LLC	52,950,977.63	1.2%	D	NP			
Victoria Finance LLC	51,937,148.61	1.2%	A-1+(NW)	NP			
Harrier Finance US	48,763,590.28	1.1%	A-1+(NW)	P-1			
Cheyne Finance LLC	48,688,083.13	1.1%	D	NP			
Rhinebridge LLC	48,677,972.22	1.1%	D	NP	D		
REPURCHASE AGREEMENTS -- 10% PER ISSUER							
UBS Financial Serivces, Inc	290,000,000.00	6.8%	A-1+	P-1	F1+		
Credit Suisse LLC	240,000,000.00	5.6%	A-1+	P-1	F1+		
INVESTMENT POOLS -- 100% PER ISSUER							
Washington State Treasurer's LGIP	353,091,603.72	8.3%	NR	NR	NR		
U.S. GOVERNMENT (Full Faith & Credit) -- 100% PER ISSUER							
U.S. Treasury Obligations	-	0.0%	AAA	Aaa	AAA		
MUNICIPAL OBLIGATIONS (Taxable) -- 5% PER ISSUER. CREDIT RATING OF AT LEAST "A"							
Seattle School District No. 1	22,797,405.99	0.5%	AA+	Aa1			
Sacramento County, CA	20,123,580.59	0.5%	AAA(NW)	Aaa(NW)	AAA(NW)		
City of Phoenix, AZ	15,000,000.00	0.4%	AAA	Aa1			
City of Dallas, TX	3,500,000.00	0.1%	AA+	Aa1			
State of New Jersey	3,144,118.87	0.1%	AA	Aa3	AA-		
Westchester County, NY	2,335,000.00	0.1%	AAA	Aaa	AA+		
FEDERAL AGENCY OBLIGATIONS (GSEs) -- 50% PER ISSUER							
Federal National Mortgage Association (FNMA)	887,679,170.31	20.8%	AAA	Aaa	AAA		
Federal Home Loan Bank (FHLB)	774,556,732.23	18.2%	AAA	Aaa	AAA		
Federal Home Loan Mortgage Corporation (FHLMC)	555,732,366.59	13.0%	AAA	Aaa	AAA		
	4,264,292,632.32	100.0%					

(1) The table in the lower-right corner gives the range of investment grade credit ratings.

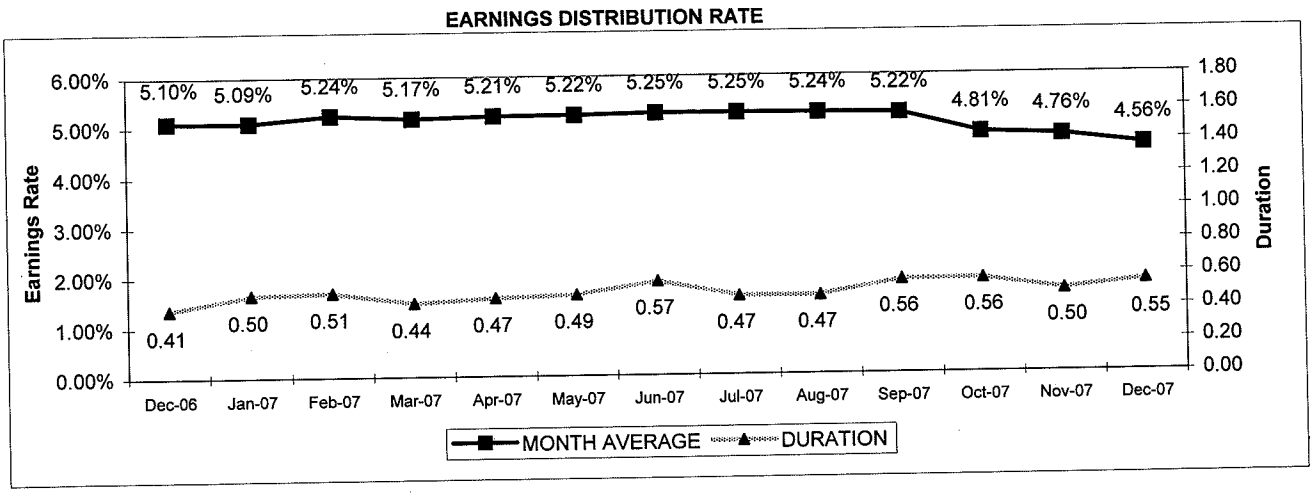
(2) IDC Bank ratings are provided by IDC Financial Publishing: 1=Superior, 2=Excellent, 3=Average, 4=Below Average, 5=Lowest. Safe & Sound CAEL is a bank rating service provided by Bankrate.com: 1=Superior, 2=Sound, 3=Performing, 4=Below Average, 5=Weak.

Note:(NW) equals negative credit watch & (NO) equals negative outlook.

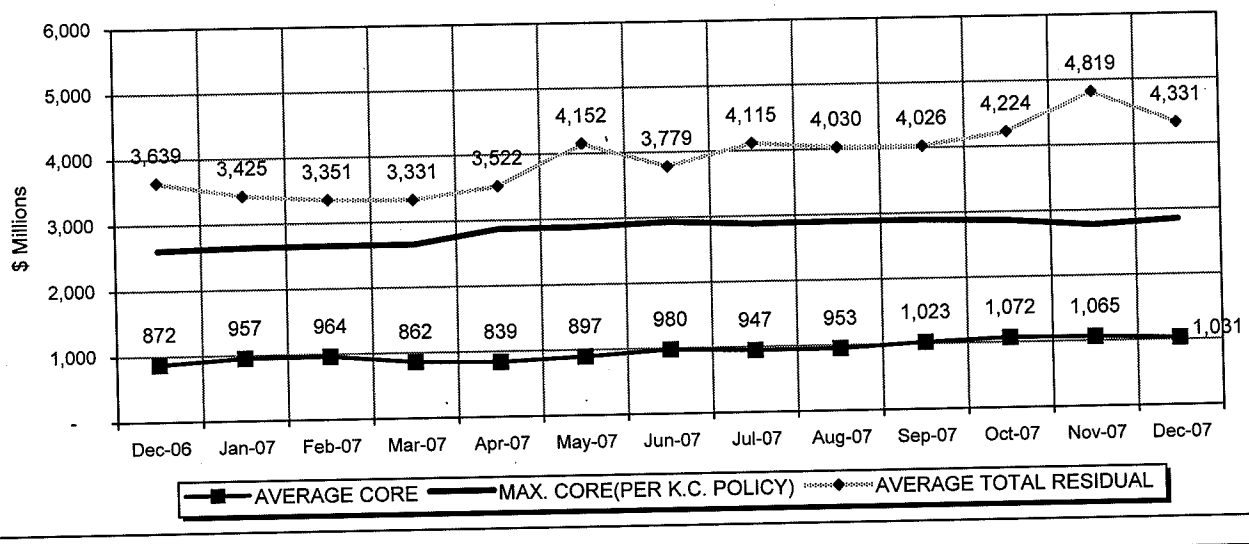
Overview of Rating Agency Credit Scores

	Short-term Investment Grade		Long-term Investment Grade	
	Highest	Lowest	Highest	Lowest
S&P	A-1+	A-3	AAA	BBB-
Moody's	P-1	P-3	Aaa	Baa3
Fitch	F1+	F3	AAA	BBB-

TOTAL RESIDUAL FUND



AVERAGE BALANCE



CX FUND YTD INTEREST EARNINGS
December 31, 2007

	BUDGET (1)	ACTUAL	DIFFERENCE
YTD AVG BALANCE (millions)	$346	$266	($80.4)
YTD YIELD	5.11%	5.03%	-0.08%
INTEREST DISTRIBUTION ($)	$17,676,901	$13,371,501	($4,305,400)
AUTOMATIC INTEREST ($)	$0	$46,724	$46,724
TOTAL INTEREST ($)	**$17,676,901**	**$13,418,225**	($4,258,676)

YTD POOL FEE REVENUE

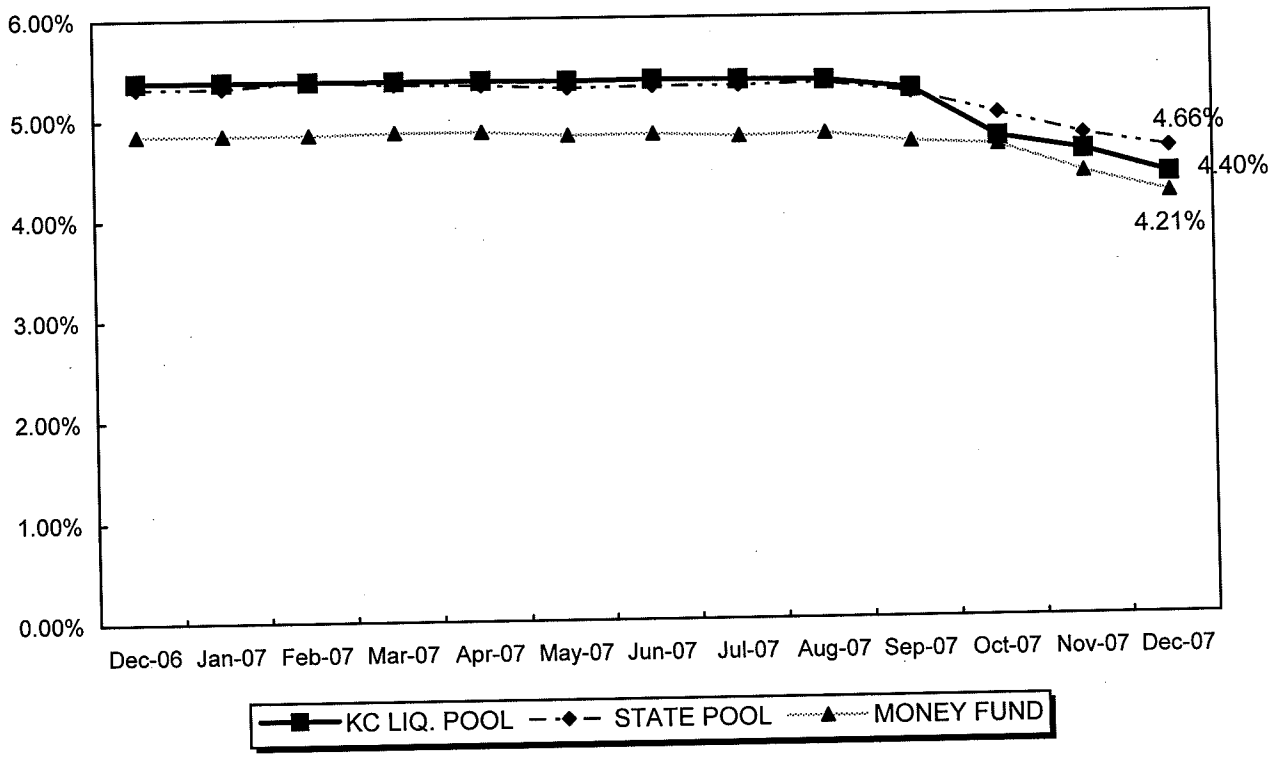
	BUDGET	ACTUAL	DIFFERENCE
POOL FEE DUE TO CX	$5,382,000	$5,975,220	$593,220
POOL FEE DUE TO FBOD	$187,500	$166,640	($20,860)
TOTAL YTD POOL FEES	**5,569,500**	**6,141,861**	**$572,361**

YTD TOTAL POOL DISTRIBUTION	$199,099,971

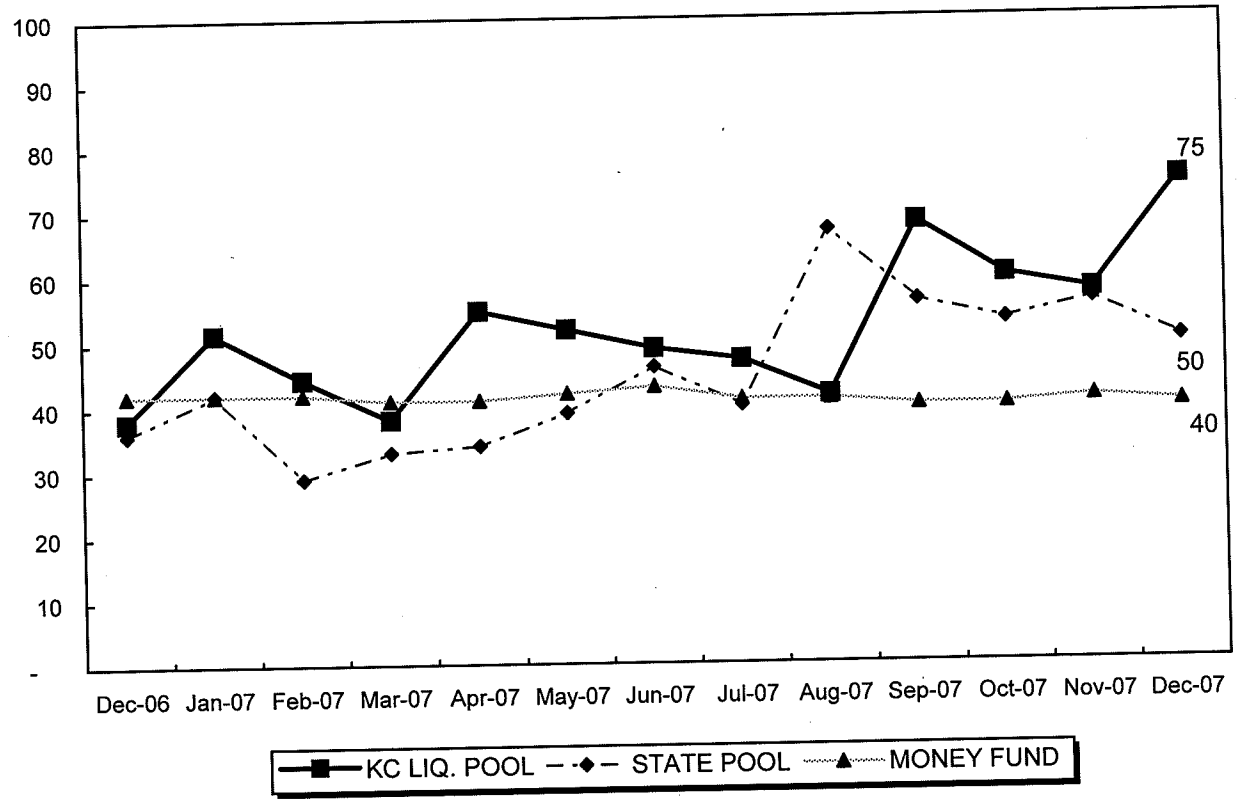
(1) Average budgeted yield for the entire year is 5.10% (simple average).

LIQUIDITY POOL

COMPARATIVE EARNINGS RATES



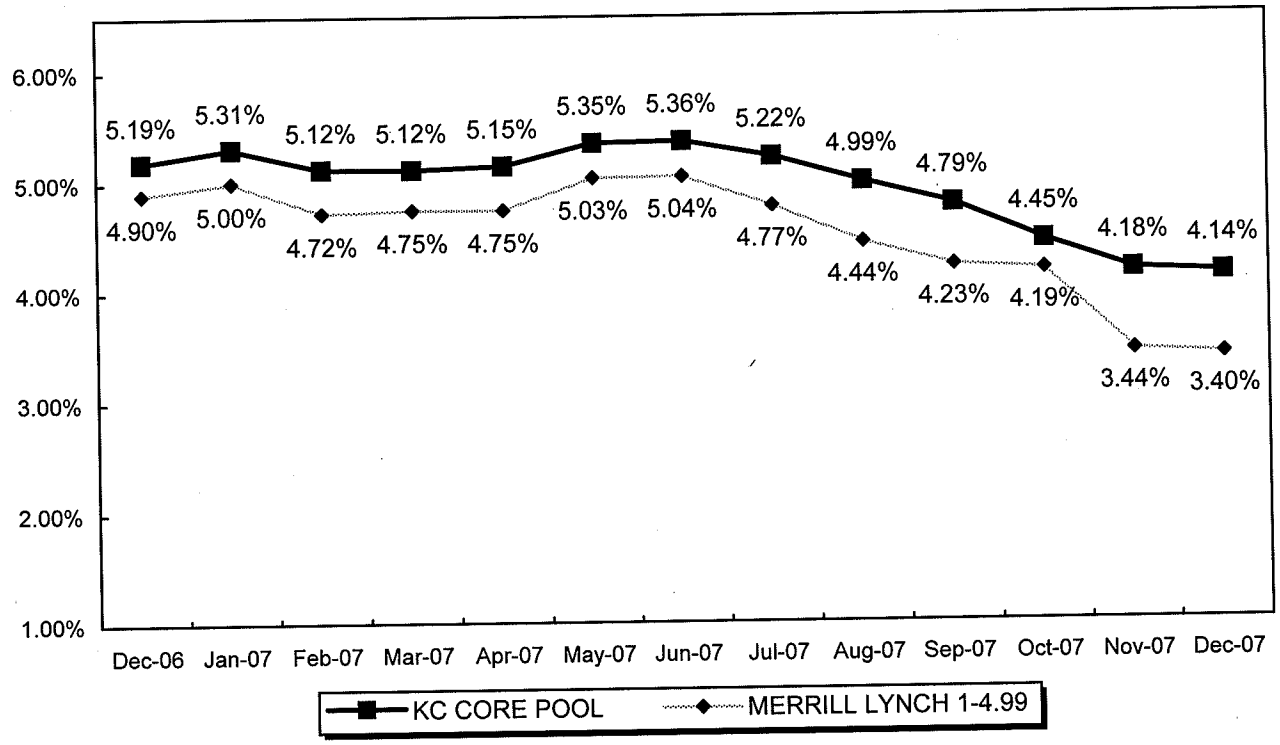
COMPARISON OF AVERAGE DAYS TO MATURITY



Sources: Money fund data: IBC/Donoghue Money Fund Report Averages seven day money market fund indexes. "Public Investor".
State Pool data: Monthly State of Washington Local Government Investment Pool report.

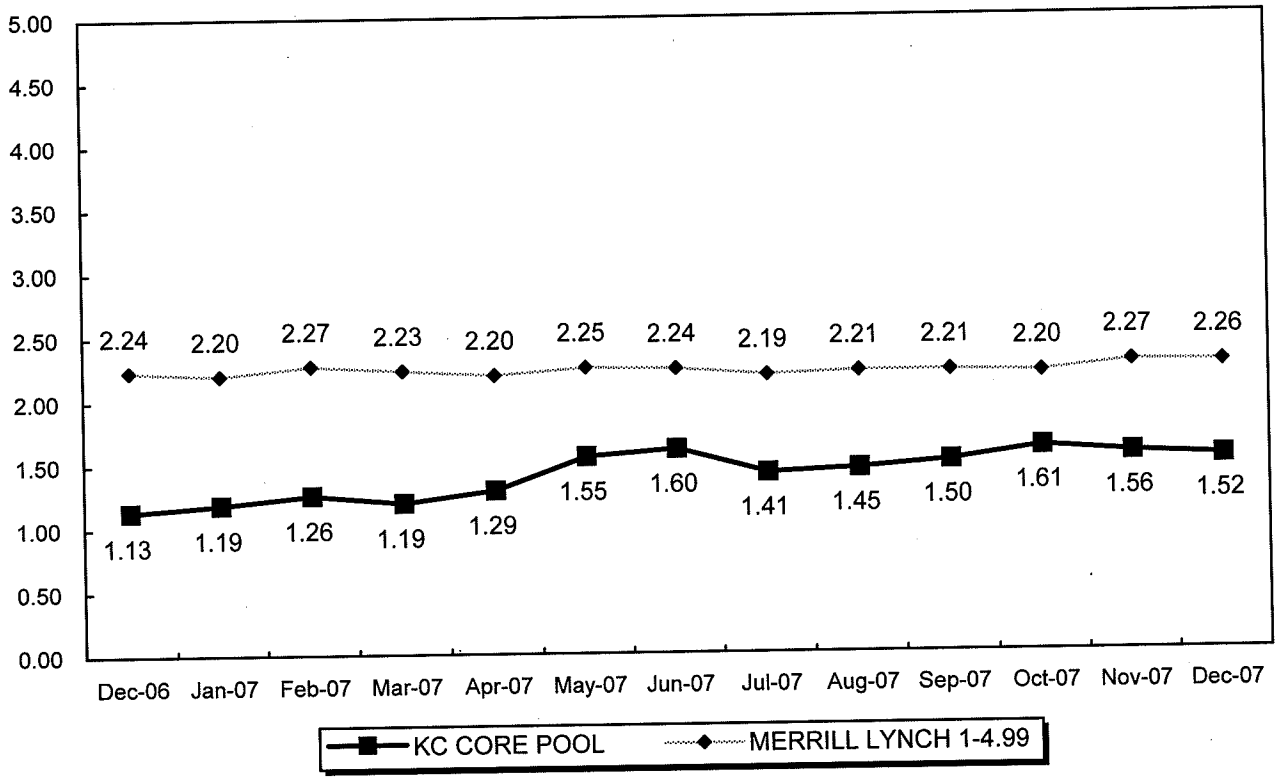
CORE POOL

COMPARATIVE MONTHLY MARKET YIELD RETURNS



Core portfolio rate is reported as market yield, not accrual basis, and therefore the liquidity rate and core rate may not equal pool distribution rate.

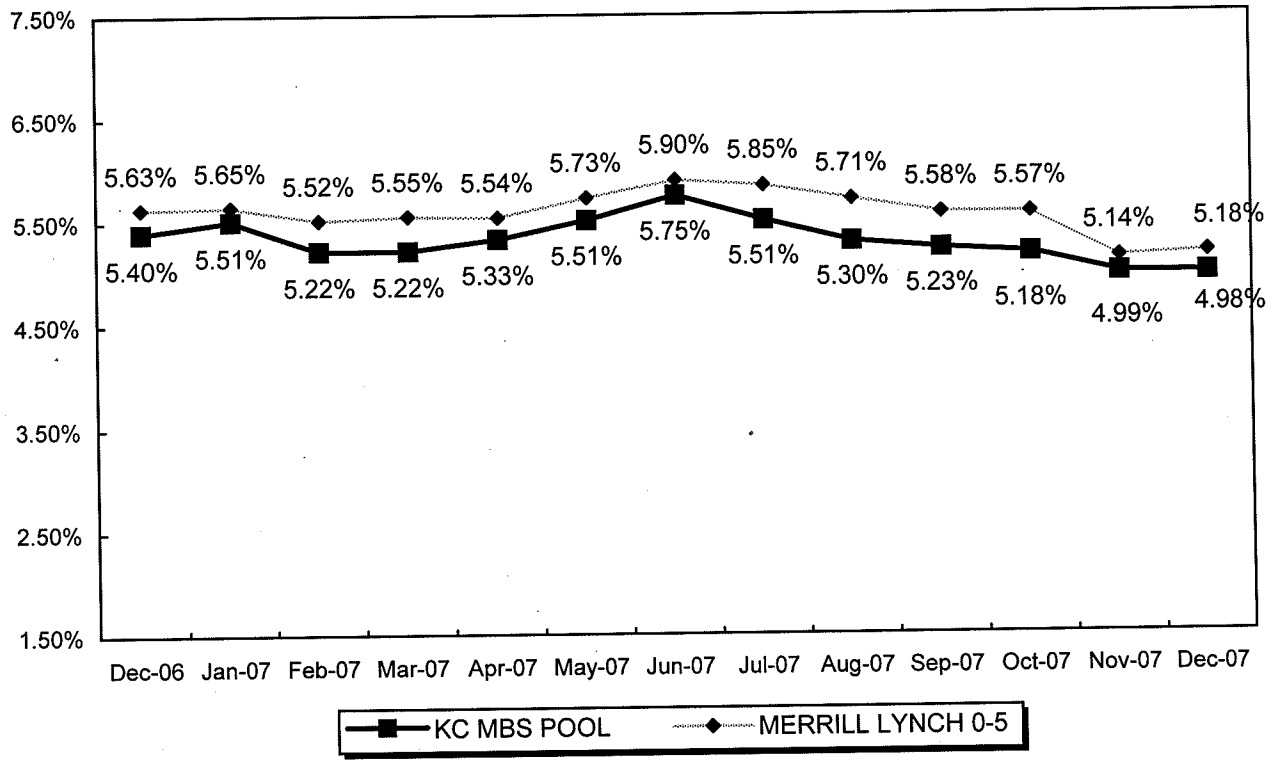
COMPARISON OF AVERAGE DURATION



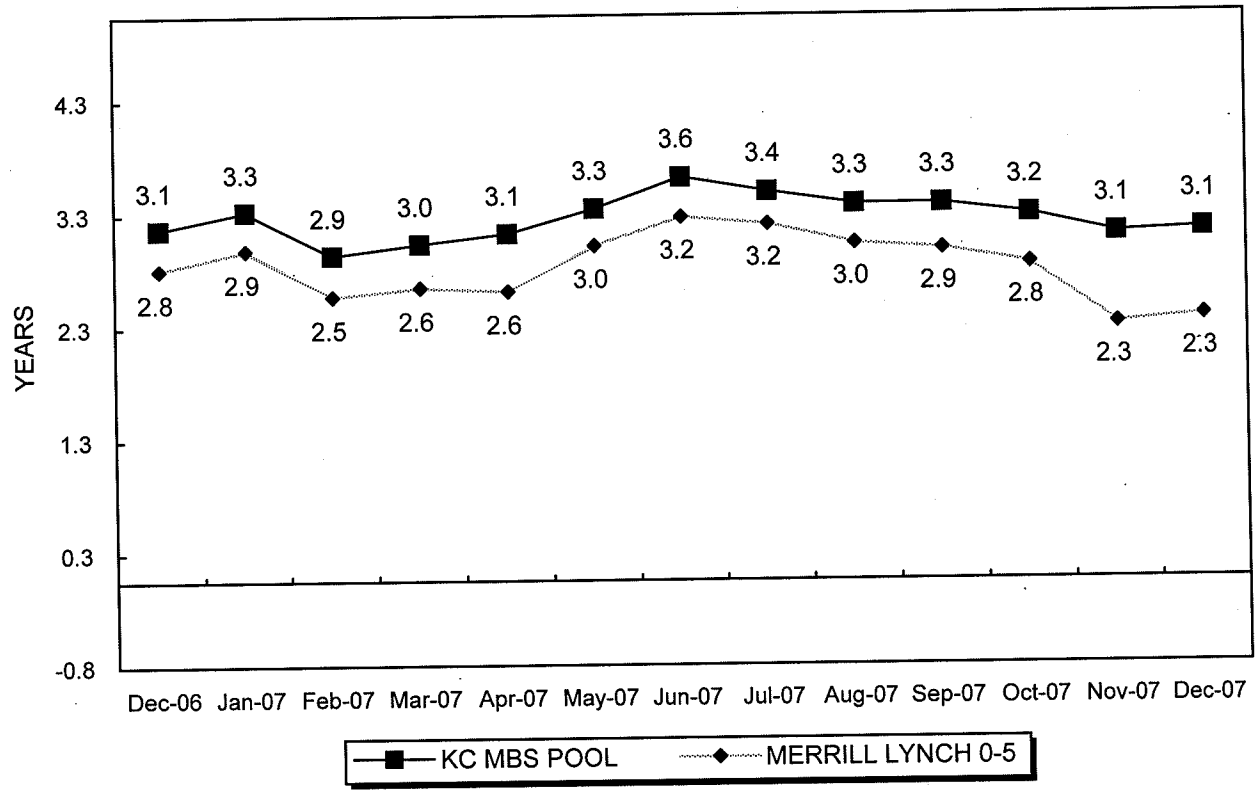
Source: Merrill Lynch index: Bloomberg Financial Markets

MORTGAGE-BACKED POOL

COMPARATIVE MONTHLY MARKET YIELD RETURNS



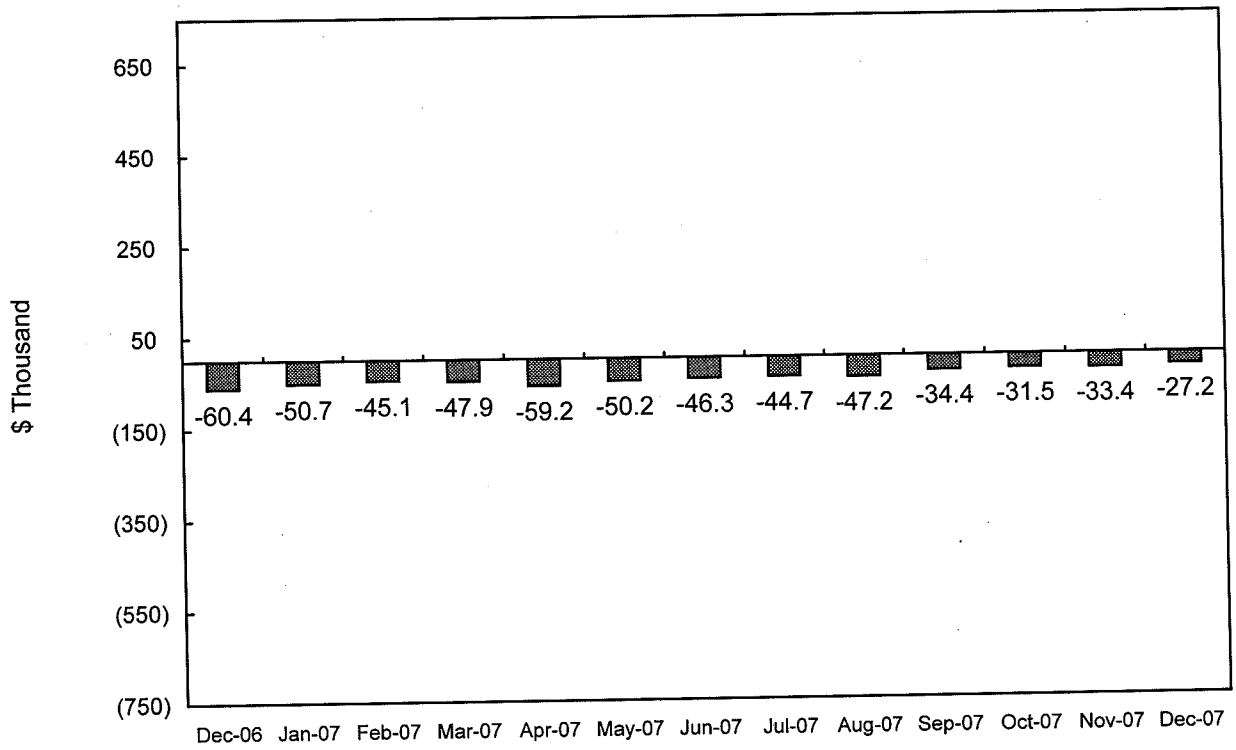
COMPARISON OF AVERAGE DURATION



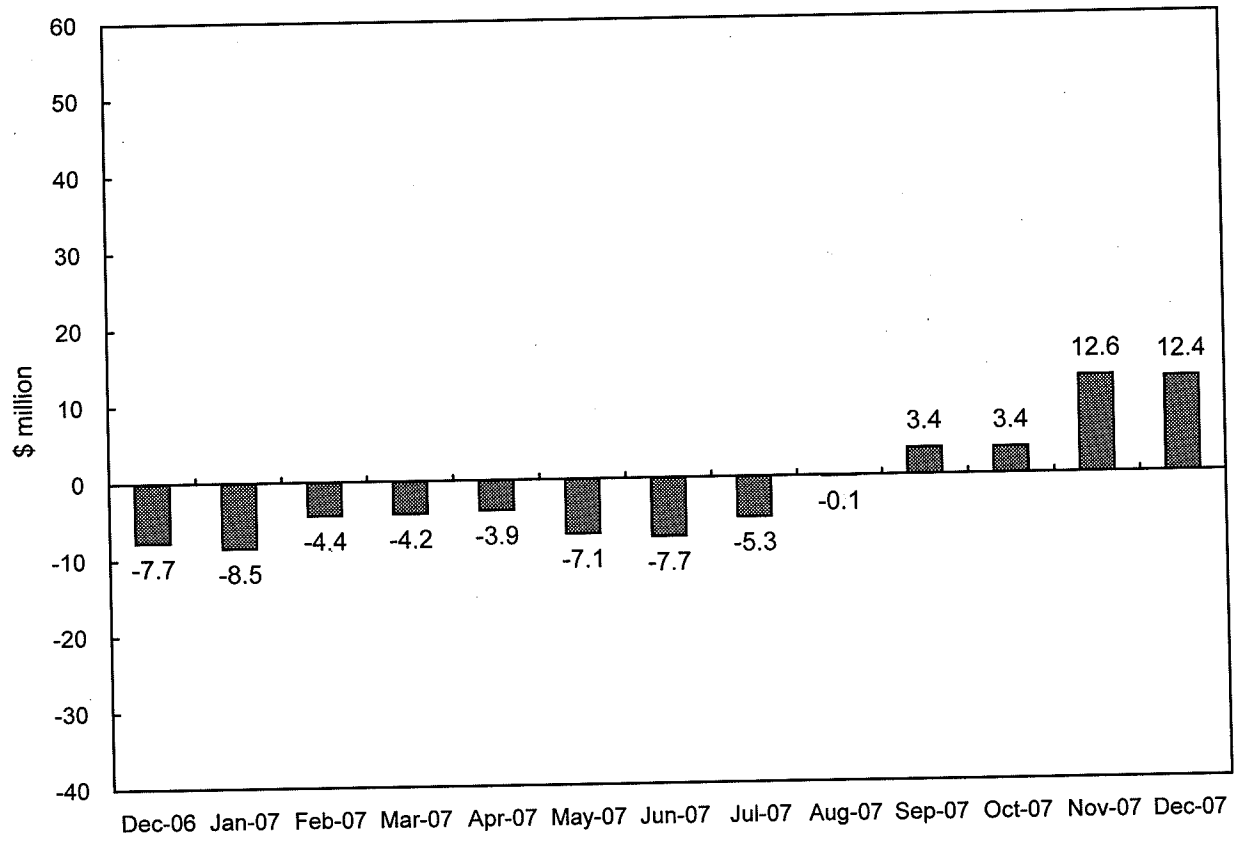
Source: Merrill Lynch index: Bloomberg Financial Markets

GAIN / LOSS SUMMARY

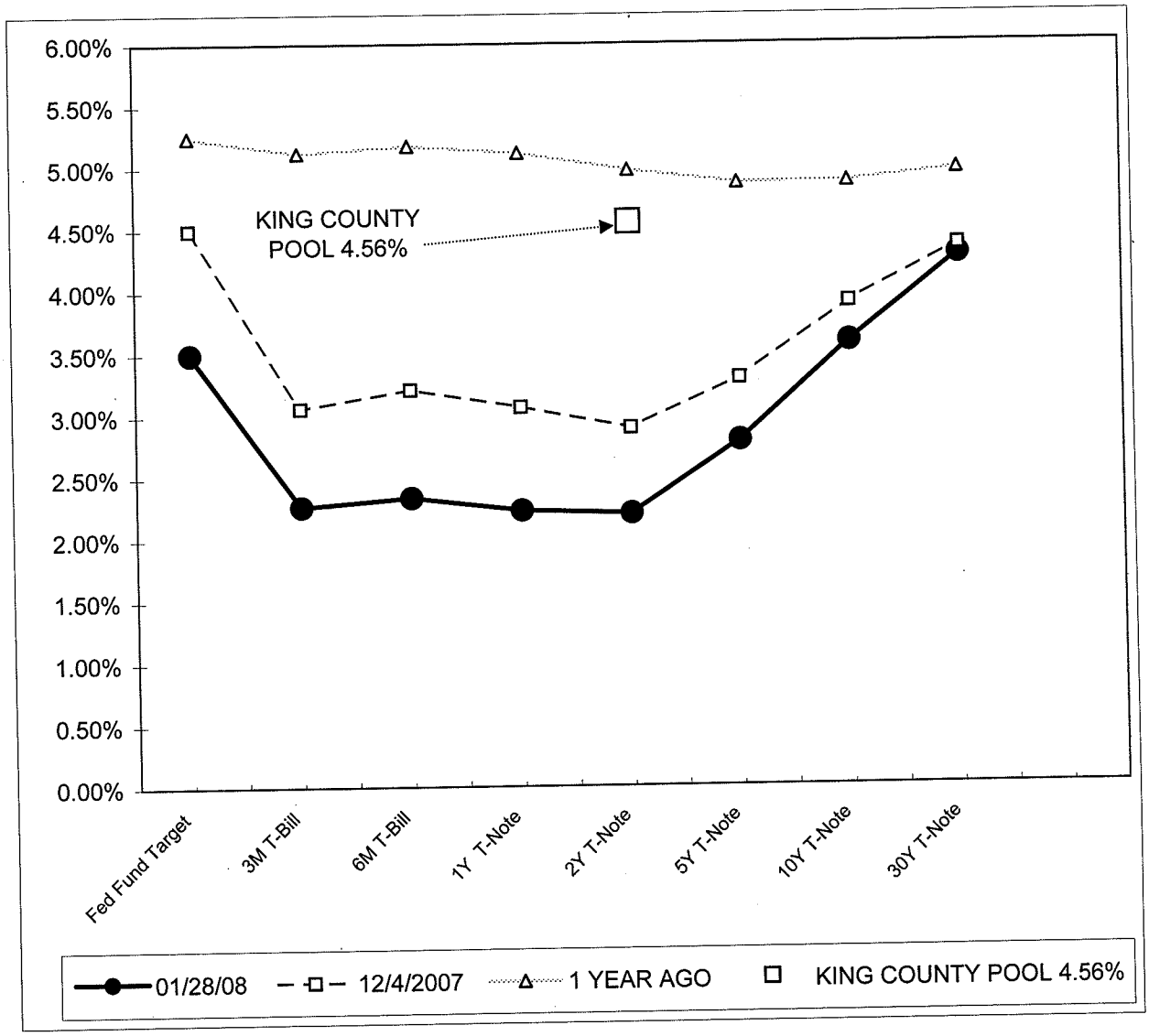
RESIDUAL FUND: TOTAL REALIZED GAIN OR LOSS



NET UNREALIZED GAIN OR LOSS (CORE PORTFOLIO ONLY)



INTEREST RATE SUMMARY



	01/28/08	12/4/2007	1 YEAR AGO
Fed Fund Target	3.50%	4.50%	5.25%
3M T-Bill	2.27%	3.06%	5.12%
6M T-Bill	2.34%	3.21%	5.18%
1Y T-Note	2.23%	3.07%	5.12%
2Y T-Note	2.21%	2.90%	4.98%
5Y T-Note	2.79%	3.29%	4.87%
10Y T-Note	3.59%	3.90%	4.88%
30Y T-Note	4.28%	4.36%	4.97%