REVISED – AGENDA
EXECUTIVE FINANCE COMMITTEE
July 23, 2009 at 1:30 P.M.
Location: Treasury Conference Room, KC Admin. Bldg., Room 610 (6th Floor)

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

Staff: Scott Matheson, Treasury Operations Manager; Mike Smith, Investment Officer; Dave Turley, Financial Accounting Supervisor

AGENDA ITEMS

1. Action: Approval of Minutes of the June 25, 2009 Executive Finance Committee meeting. (page 2)
2. Briefing & Action: Briefing on the input from the Investment Pool Advisory Committee (IPAC) regarding options being considered to implement SSB 5539. *Action*: Selection of an option to implement on July 27 (Addendum – Pages 1-2)
3. Briefing: Update on the status of Victoria Finance commercial paper (page 3)
   Ken Guy, Finance Director
4. Briefing: Update on the status of investment pool infrastructure improvements.
   Ken Guy, Finance Director
5. Briefing: Update on the variable rate history for the 2009 King County Multi-Modal LTGO Bonds (page 4).
   Ken Guy, Finance Director
6. Briefing: June 2009 Investment Summary
   - Investment Purchase Summary (page 5)
   - King County Investment Pool Summary (page 6)
   - Issuer Diversification and Credit Exposure Report (page 7)
   - Investment Performance Review & Impaired Pool Summary (pages 8-14)
   - Interest Rate Summary (page 15)

   Mike Smith, Investment Officer
7. 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 1.25 to 1.8 year range (no change from last meeting) and the maximum average maturity for the liquidity portfolio at 30 to 120 days (no change from last meeting).
   Mike Smith, Investment Officer
8. Briefing: Interfund Borrowing for June 2009
   - Automated Lending & Borrowing. County Tier 2 Funds – Interest on Interfund Loans (page 16)
   - Pooled Tier 1 County Funds with Negative Cash Balances (pages 17)
   - Excluded County Funds with Negative Balances - Tier 2 Funds Not Paying Interest (page 18)

   Dave Turley, Financial Accounting Supervisor

   - Interfund Loans Among Non-County Funds (pages 19-20)
   - Interfund Borrowings from Surplus King County Cash (KC Code 4.24) – EFC Approved Loans (page 21)

   Mike Smith, Investment Officer
9. Executive Session: Discussion of potential litigation with legal counsel (RCW 42.30.110, (1)(i).)

OTHER BUSINESS

ADJOURNMENT

MINUTES
EXECUTIVE FINANCE COMMITTEE
June 25, 2009

The Executive Finance Committee (EFC) Meeting was held June 25, 2009 at 1:30 p.m.

Members Present	Others Present	Others Present (Continued)	Members Absent
Ken Guy	Michael Skinsky	Caroline McShane	Bob Cowan
Jim Buck	Pat Hamacher	Scott Matheson	
Larry Gossett	Dave Turley	Mike Smith	
Hall Walker (For Bob Cowan)	Peggy Pahl	Ken Goodwin, Woodinville WD	
	Tim Aratani	Kevin A. Fuhrer, Covington WD	
	William Nogle		

ACTION ITEMS

1. ***Minutes*** – The Committee approved the Minutes of the May 28, 2009 EFC meeting.
2. ***Investment Direction*** – The Committee unanimously approved the Treasury recommendation to maintain the maximum average duration of the core portfolio at the 1.25 to 1.8 year range and maintain the maximum average maturity for the liquidity portfolio at 30 to 120 days.

BRIEFINGS

1. ***Update on Victoria's Status*** – The Committee was provided a handout that reflected the recovery payment that is expected on July 1st. With the receipt of the July 1st cash payment the total recovery to date on Victoria will be approximately 24% of the initial investment. The Committee was also informed that the formal restructuring will now mostly likely occur in the last quarter of 2009. Finally, dealer prices are still at such low levels that continuing to receive monthly recovery payments continues to remain the most attractive option at this time.
2. ***Update on Investment Pool Infrastructure Projects*** – The Committee was informed that Public Financial Management (PFM) has a new 5-year contract as the pool's financial advisor. The Committee was also informed that the responses to the investment system RFP are being evaluated and that the goal is to have the new systems in place by September 2009. Additionally, the security safekeeping contract is out to bid and responses are due shortly. The Committee was notified that the next meeting of the Investment Pool Advisory Committee (IPAC) was scheduled for 7/9/09 and that the hiring of a Credit Analyst continues to be on hold because of the uncertainties created by the recent passage of SB 5539.
3. ***Multi-Modal Variable rate LTGO Bonds*** – The Committee was informed that the variable rate bonds were still meeting goals and expectations.
5. ***Investment Review for May 2009*** – 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. The Committee was also briefed on the current interest rate and economic environment.
6. ***Interfund Borrowing*** – The Committee was provided a review of interfund borrowings during May 2009

OTHER BUSINESS

None

EXECUTIVE SESSION

The meeting was recessed into Executive Session at 2:17 pm to discuss with legal counsel litigation or potential litigation to which the County is or is likely to become a party when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the County. The meeting reconvened at 3:25pm and was adjourned.

Scott Matheson, Treasury Manager

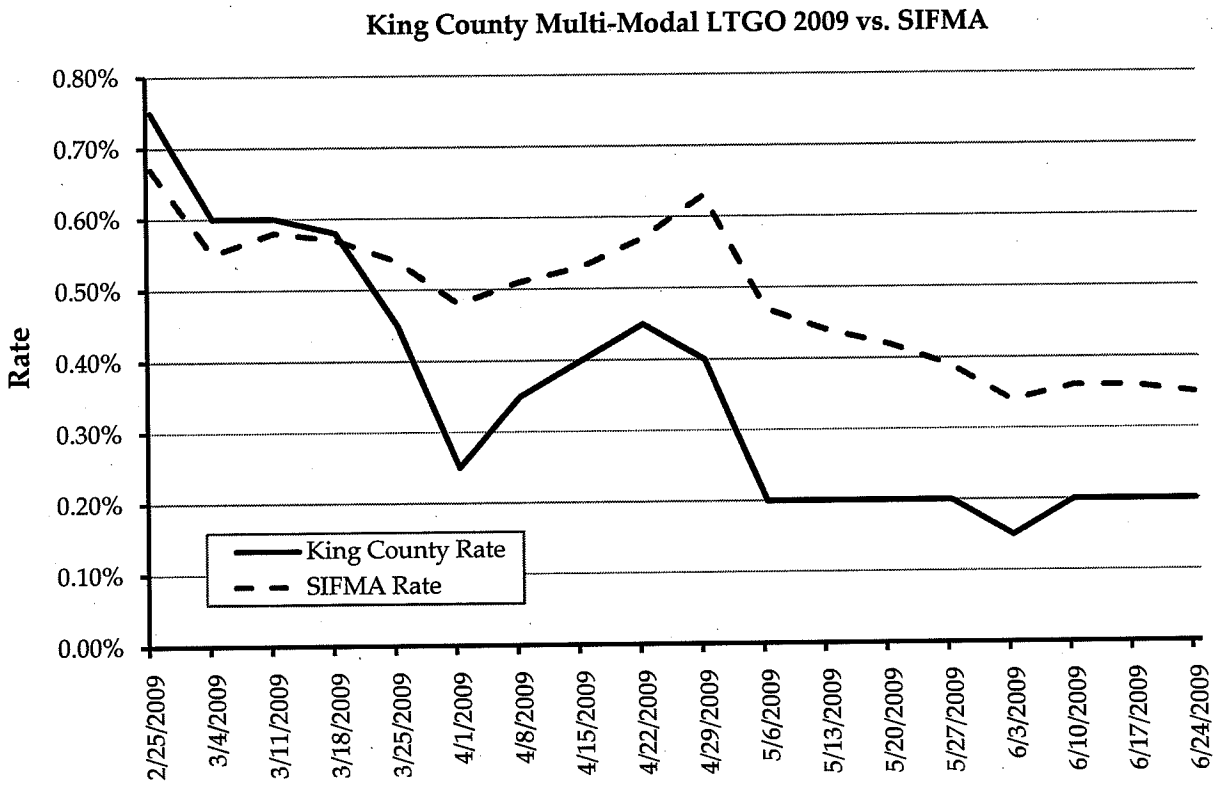
Victoria Recovery Status Projected Through July 1, 2009

Original Cost		$ 51,937,148.61	
Original Par	$ 53,300,000.00		
Less Accrued not distributed	$ 420,537.00		
Adjusted Par		$ 52,879,463.00	
Recovered to date*		$ 12,501,289.47	23.6%
Par Amount Outstanding		$ 40,378,173.53	
Original Cost Outstanding		$ 39,435,859.14	

*Receipts:

12/22/2008	$ 7,990,692.29
1/6/2009	$ 435,066.58
2/3/2009	$ 454,283.36
3/3/2009	$ 369,419.26
3/18/2009	$ 339,627.49
4/2/2009	$ 865,332.96
5/1/2009	$ 1,084,978.37
6/1/2009	$ 475,853.92
7/1/2009	$ 486,035.24
Total	$ 12,501,289.47

Report to the Executive Finance Committee
Variable Rate History for the 2009 King County Multi-Modal LTGO Bonds
June 2009



High	0.75%
Low	0.15%
Current	0.20%
3 Month Avg.	0.26%
Annual Avg.	0.35%

Borrowing cost assumed in the 2009 budget:	2.50%
Average interest rate for prior month:	0.19%
Plus: Estimated ongoing costs(1)	0.60%
Total monthly borrowing cost:	0.79%
Projected interest rate over next 3 months(2):	0.36%

(1) Includes remarketing, liquidity and rating fees.

(2) 70% of the forward rate for 3-month treasury as of June 30, 2009.

Prepared by Seattle-Northwest Securities Corp.

INVESTMENT PURCHASES SUMMARY
JUNE 2009

OVERNIGHT REPOS

DEALER	BUYS	TOTAL AMOUNT OF REPOS	AVG DAYS	AVG YIELD
CREDIT SUISSE	21	$2,175,000,000	1.34	0.22%

AGENCY COUPONS

DEALER	BUYS	TOTAL FACE AMOUNT	TOTAL COST	AVG DAYS	AVG YIELD
GOLDMAN SACHS	1	$ 25,000,000	$ 24,976,250	775.00	1.67%
UBS FINANCIAL	1	25,000,000	24,940,000	1,096.00	2.23
TOTAL	2	$ 50,000,000	$ 49,635,638	935.02	2.00%

TREASURY NOTES

DEALER	BUYS	TOTAL FACE AMOUNT	TOTAL COST	AVG DAYS	AVG YIELD
CANTOR FITZGERALD	1	$25,000,000	$ 24,763,192	721.00	1.37%
CREDIT SUISSE	1	50,000,000	49,965,719	726.00	0.91
TOTAL	2	$ 75,000,000	$ 74,728,911	724.34	1.07%

CERTIFICATES OF DEPOSIT

DEALER	BUYS	TOTAL AMOUNT OF CDs	AVG DAYS	AVG YIELD
KEY BANK	1	$ 218,729	120.00	0.02%

KING COUNTY INVESTMENT POOL SUMMARY

DATE: 07/17/2009

Maturity Range	Amount Invested	Percent of Portfolio	Cumulative Percentage	Average Yield
1 - 29 Days	930,809,032	23.1%		1.10%
30 - 59 Days	25,000,000	0.6%	23.8%	0.73%
60 - 89 Days	224,578,660	5.6%	29.4%	0.75%
90 - 119 Days	99,840,750	2.5%	31.8%	0.32%
120 - 149 Days	183,301,390	4.6%	36.4%	1.56%
150 - 179 Days	161,826,885	4.0%	40.4%	0.80%
180 - 364 Days	770,208,801	19.2%	59.6%	1.66%
1 - 2 Years	1,027,947,762	25.6%	85.1%	1.97%
2 - 3 Years	338,786,527	8.4%	93.6%	1.96%
3 - 4 Years	200,000,000	5.0%	98.5%	5.21%
4 - 5 Years	0	0.0%	98.5%	N/A
5+ Years	59,132,020	1.5%	100.0%	4.51%
TOTAL	4,021,431,826	100.0%		

Security Type	Amount Invested	Percent Of Portfolio	Limits
Repurchase Agreements	15,000,000	0.4%	40%
Certificates of Deposit	560,453,274	13.9%	20%
State Investment Pool	490,543,709	12.2%	100%
Commercial Paper	0	0.0%	25%
Bankers' Acceptances	0	0.0%	40%
Treasuries	677,328,743	16.8%	100%
Agencies	2,203,974,079	54.8%	75%
Mortgage Backed Securities	59,132,020	1.5%	25%
Municipals	15,000,000	0.4%	20%
TOTAL	4,021,431,826	100.0%	

Average Yield = 1.73%
Average Days to Maturity = 432.27

KING COUNTY INVESTMENT POOL
ISSUER DIVERSIFICATION AND CREDIT EXPOSURE
6/30/09

			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**	**Safe & Sound Star Rating**
U.S. Bank	207,000,000.00	4.9%	A-1+	P-1 (NO)	F1+	1	***
Bank of America	200,000,000.00	4.8%	A-1	P-1	F1+	2	***
Key Bank (100% FDIC-Insured, Overnight deposits)	196,453,273.90	4.7%	A-2 (NO)	P-1 (NO)	F1 (NO)	3	**
REPURCHASE AGREEMENTS -- 10% PER ISSUER							
Credie Suisse USA	79,000,000.00	1.9%	A-1	P-1 (NO)	F1+		
INVESTMENT POOLS -- 100% PER ISSUER							
Washington State Treasurer's LGIP	490,241,549.15	11.7%					
U.S. GOVERNMENT (Full Faith & Credit) -- 100% PER ISSUER							
U.S. Treasury Obligations	677,328,743.26	16.1%	AAA	Aaa	AAA		
MUNICIPAL OBLIGATIONS (Taxable) -- 5% PER ISSUER. CREDIT RATING OF AT LEAST "A"							
City of Phoenix, AZ	15,000,000.00	0.4%	AAA	Aa1			
FEDERAL AGENCY OBLIGATIONS (GSEs) -- 50% PER ISSUER							
Federal National Mortgage Association (FNMA)	700,668,836.23	16.7%	AAA	Aaa	AAA		
Federal Home Loan Bank (FHLB)	650,458,132.93	15.5%	AAA	Aaa	AAA		
Federal Home Loan Mortgage Corporation (FHLMC)	611,570,024.41	14.6%	AAA	Aaa	AAA		
Federal Farm Credit Bank (FFCB)	371,327,027.66	8.8%	AAA	Aaa	AAA		
	4,199,047,587.54	100.0%					

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

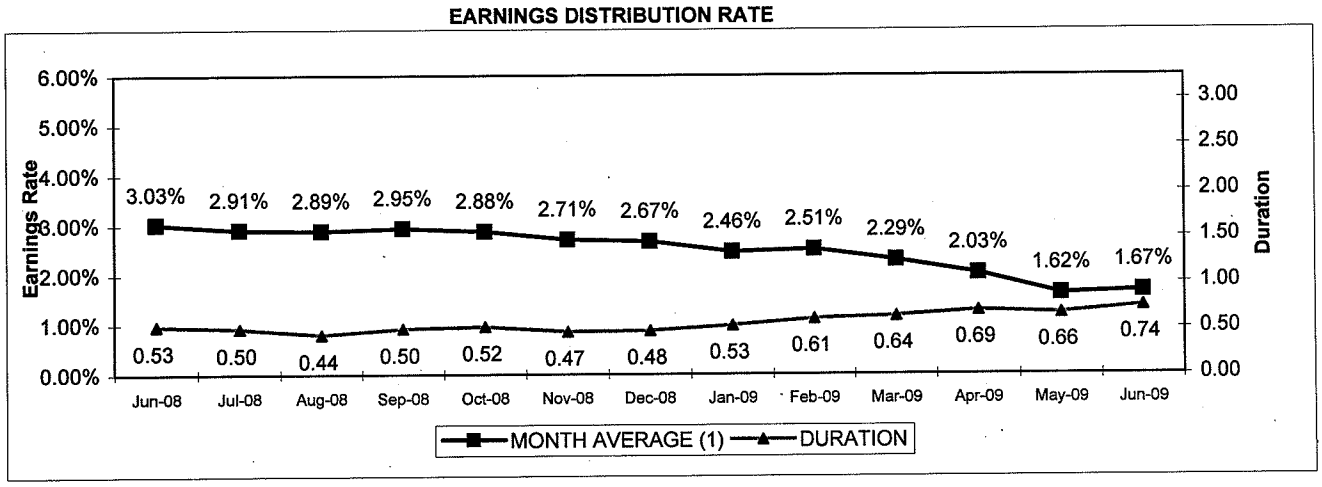
(2) IDC Bank ratings are provided by IDC Financial Publishing: 1=Superior, 2=Excellent, 3=Average, 4=Below Average, 5=Lowest. Safe & Sound Star Rating is a bank rating service provided by Bankrate.com: *****=Superior, ****=Sound, ***=Performing, **=Below Average, *=Weak.

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

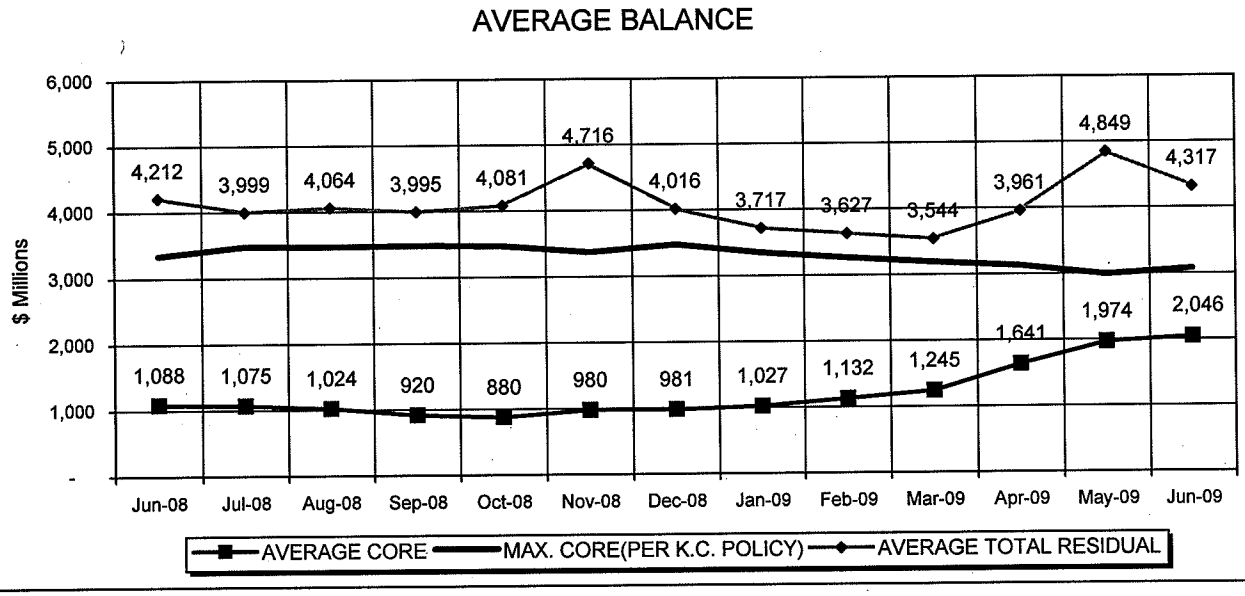
Overview of Rating Agency Credit Scores

	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-

KING COUNTY INVESTMENT POOL



(1) Not adjusted yet for realized losses on commercial paper investments.



CX FUND YTD INTEREST EARNINGS
June 30, 2009

	BUDGET (1)	ACTUAL	DIFFERENCE
YTD AVG BALANCE (millions)	$155	$161	$6.4
YTD YIELD	2.43%	1.88%	-0.55%
INTEREST DISTRIBUTION ($)	$1,859,489	$1,500,063	($359,426)
AUTOMATIC INTEREST ($)	$0	$9,399	$9,399
TOTAL INTEREST ($)	**$1,859,489**	**$1,509,462**	($350,027)

YTD POOL FEE REVENUE

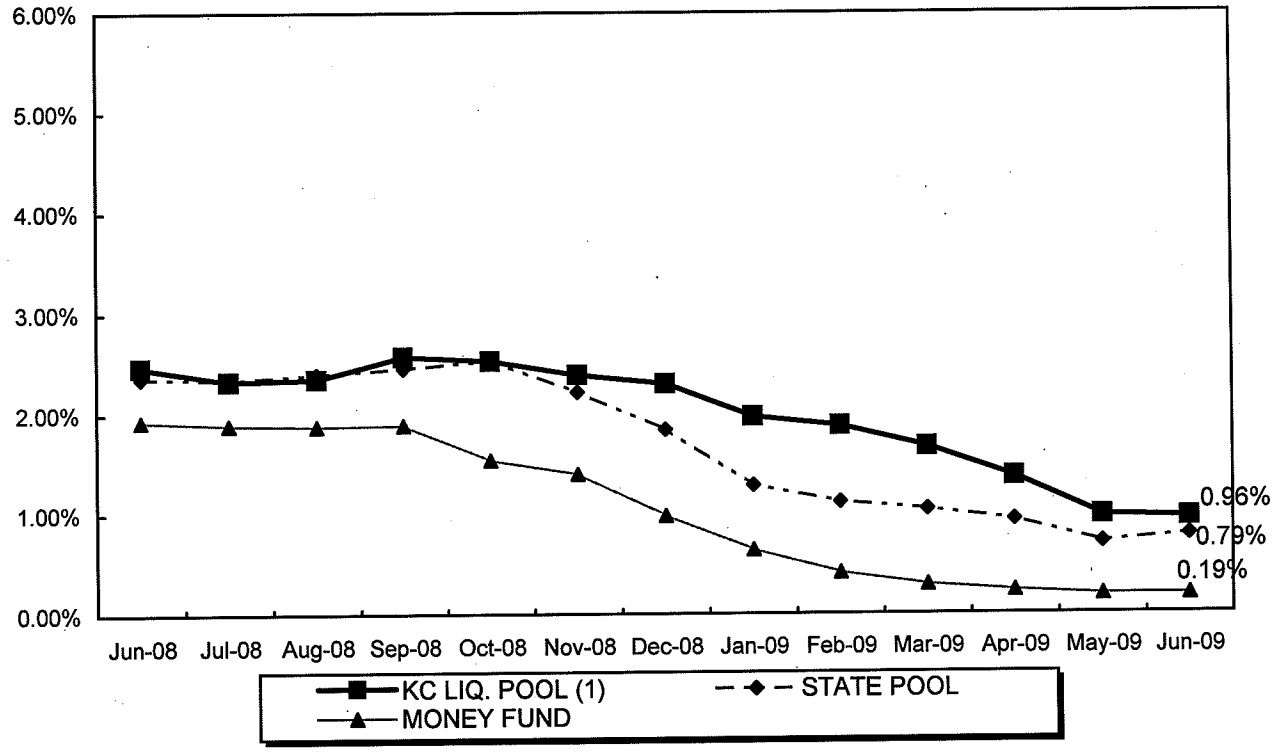
	BUDGET	ACTUAL	DIFFERENCE
POOL FEE DUE TO CX	$2,350,000	$2,281,636	($68,364)
POOL FEE DUE TO FBOD	$39,000	$43,760	$4,760
TOTAL YTD POOL FEES	**2,389,000**	**2,325,395**	**($63,605)**

YTD TOTAL POOL DISTRIBUTION	$40,875,121

(1) Average budgeted yield for the entire year is 2.4% (simple average).

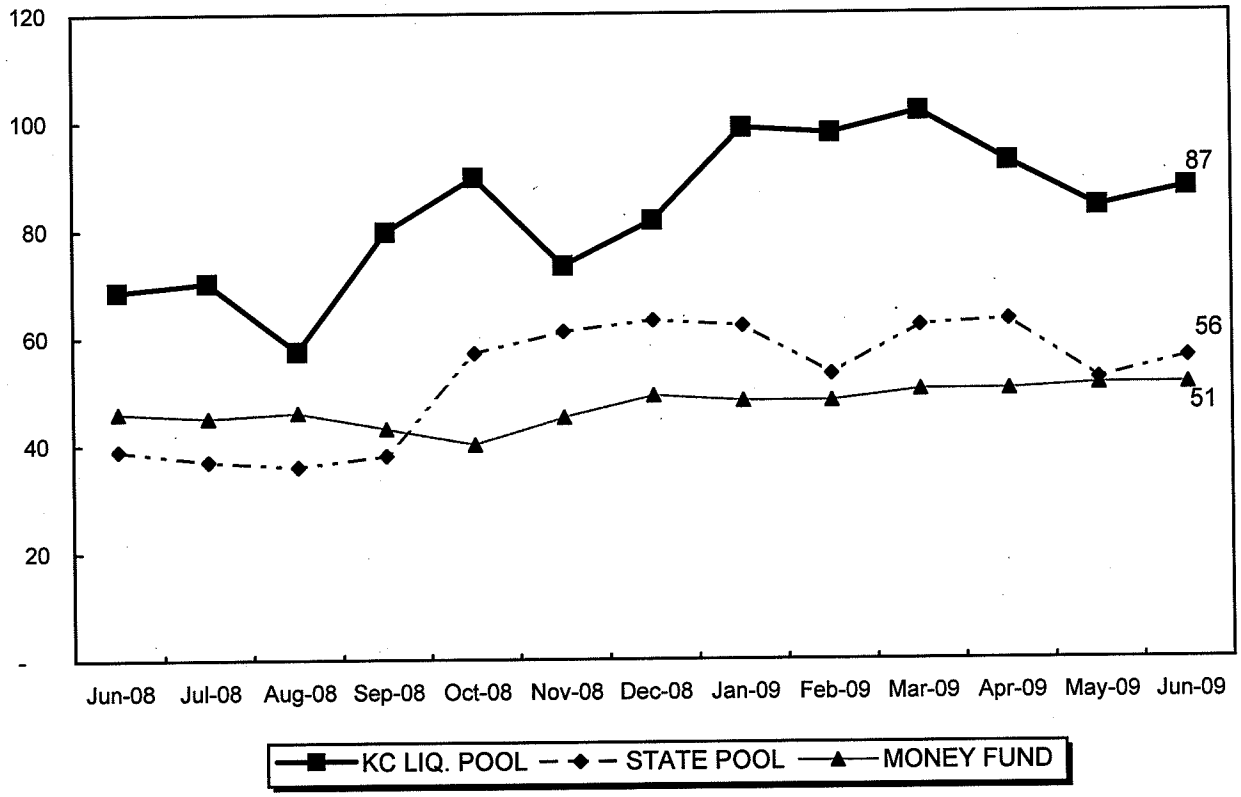
LIQUIDITY POOL

COMPARATIVE EARNINGS RATES



(1) Not adjusted yet for realized losses on commercial paper investments.

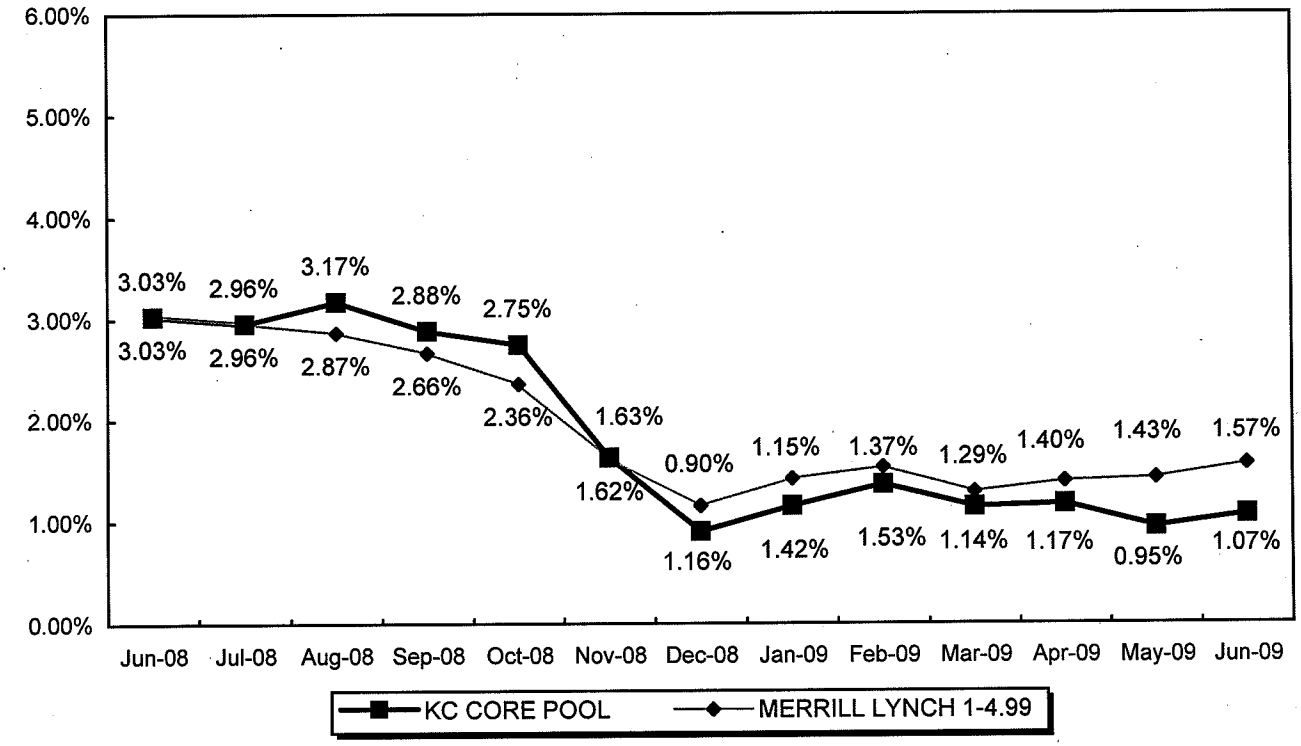
COMPARISON OF AVERAGE DAYS TO MATURITY



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.

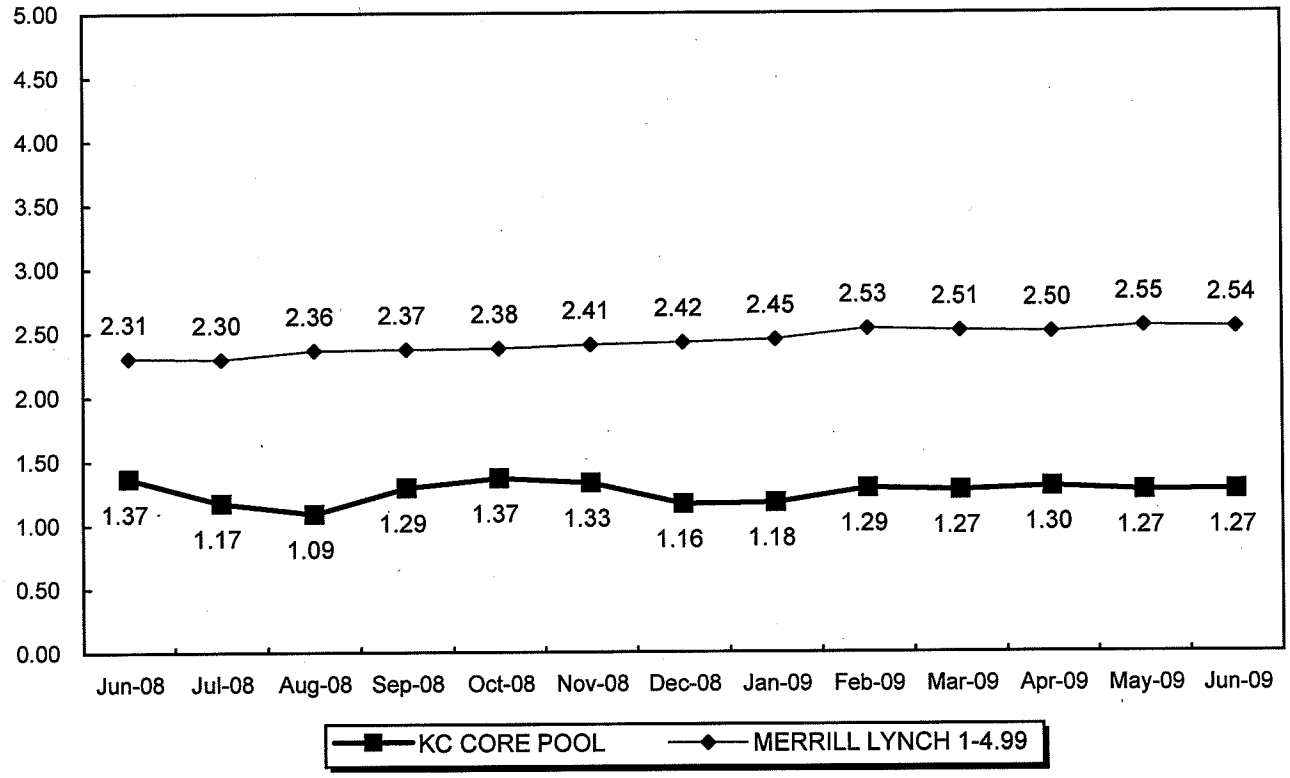
CORE POOL

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.

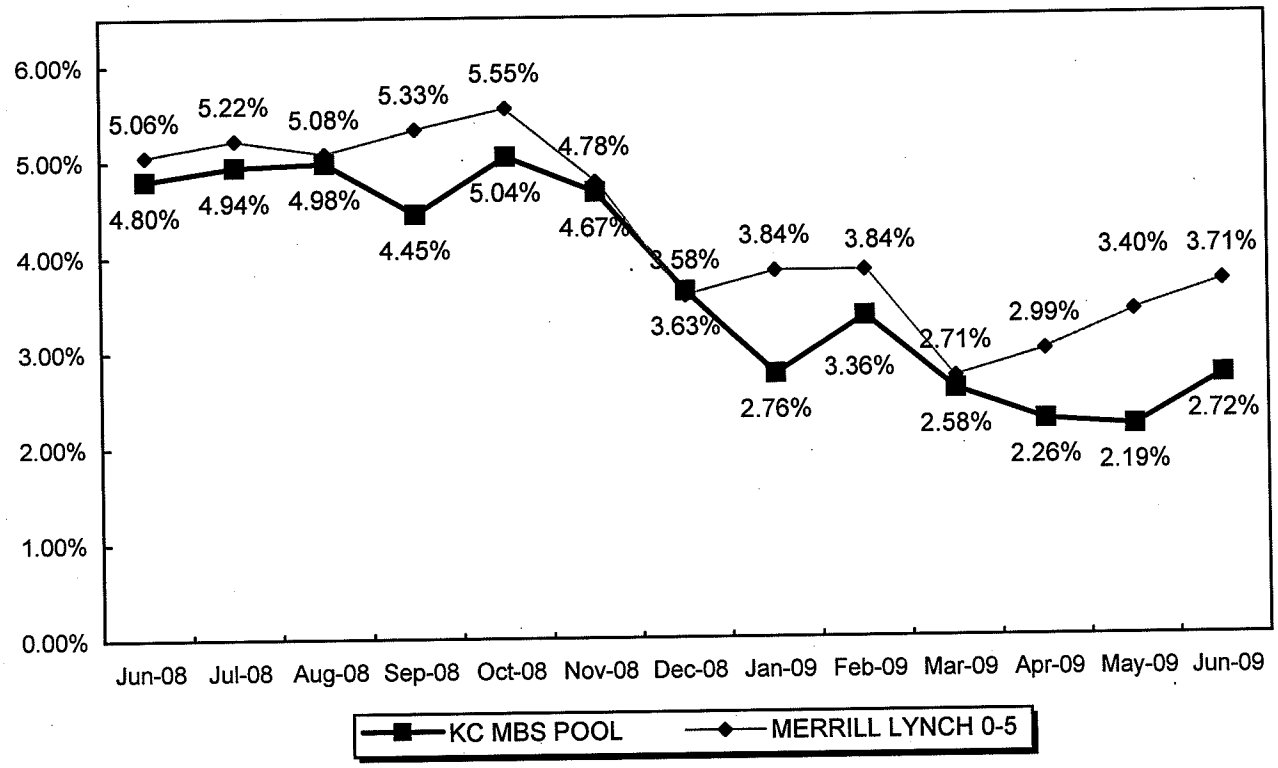
COMPARISON OF AVERAGE DURATION



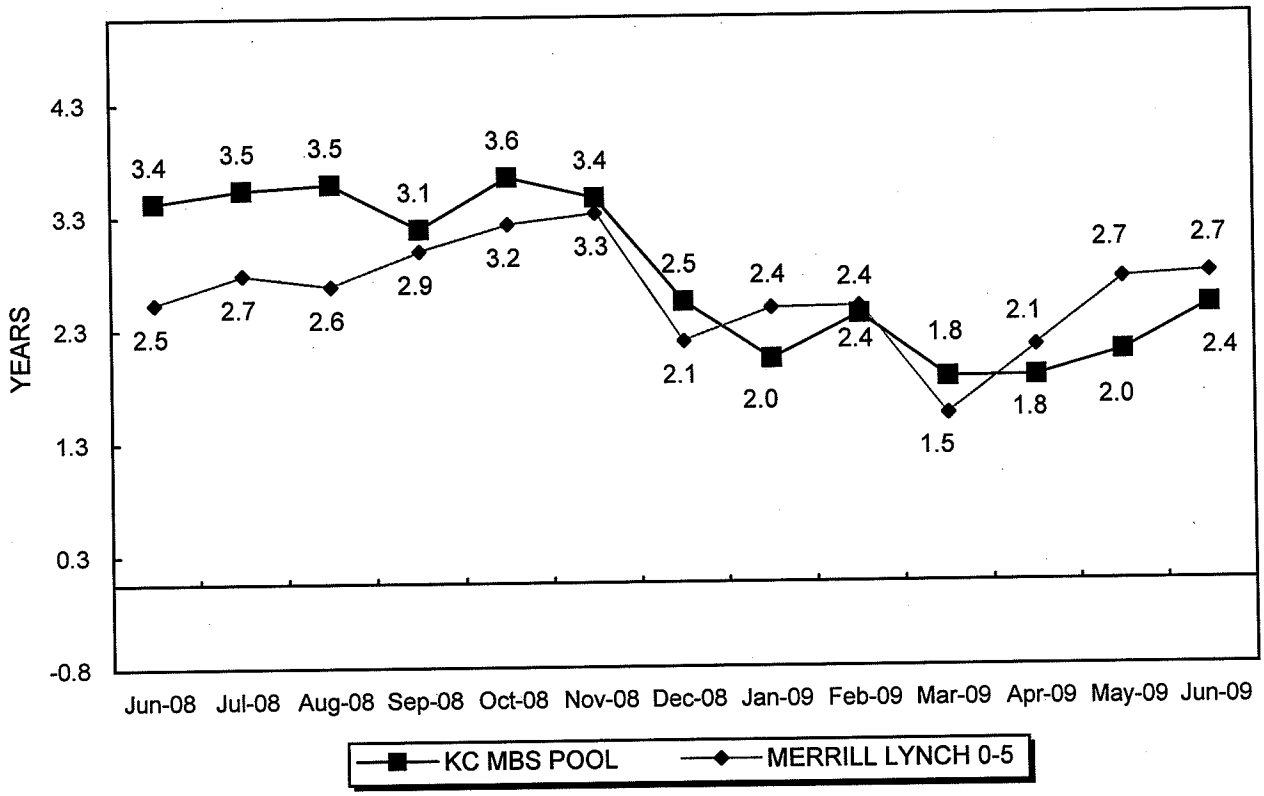
Source: Merrill Lynch index: Bloomberg Financial Markets

MORTGAGE-BACKED POOL

COMPARATIVE MONTHLY MARKET YIELD RETURNS



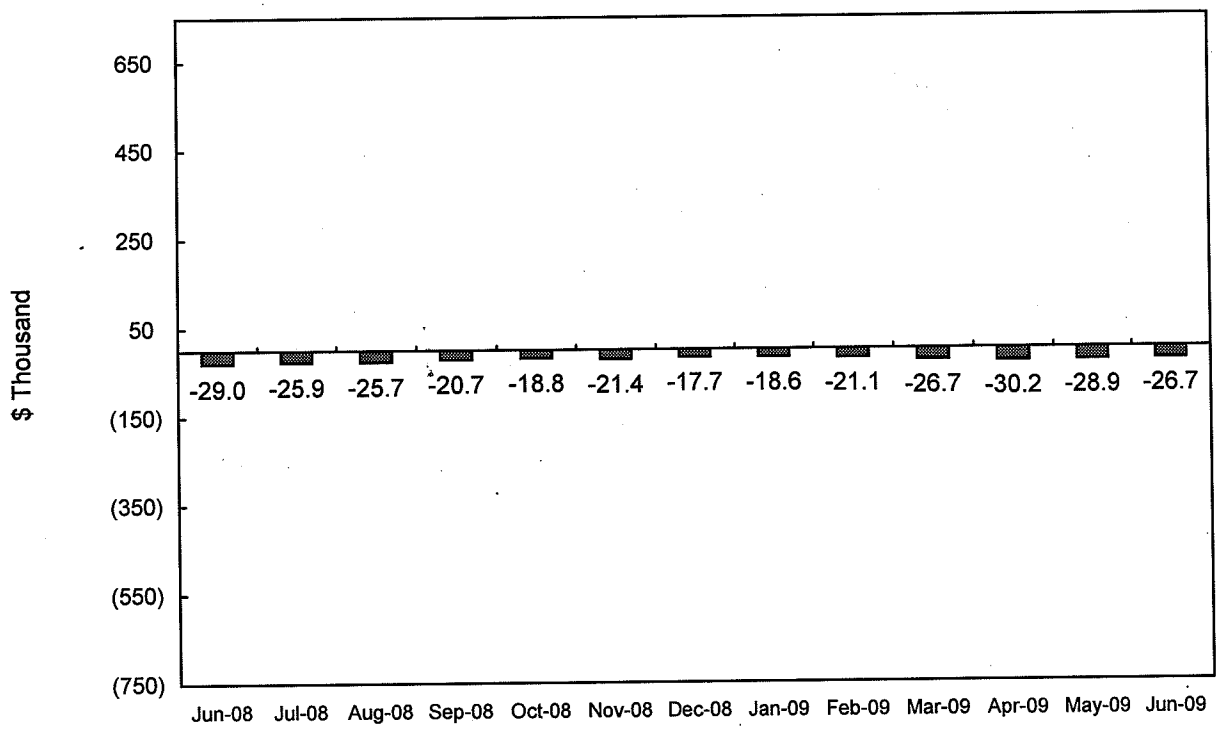
COMPARISON OF AVERAGE DURATION



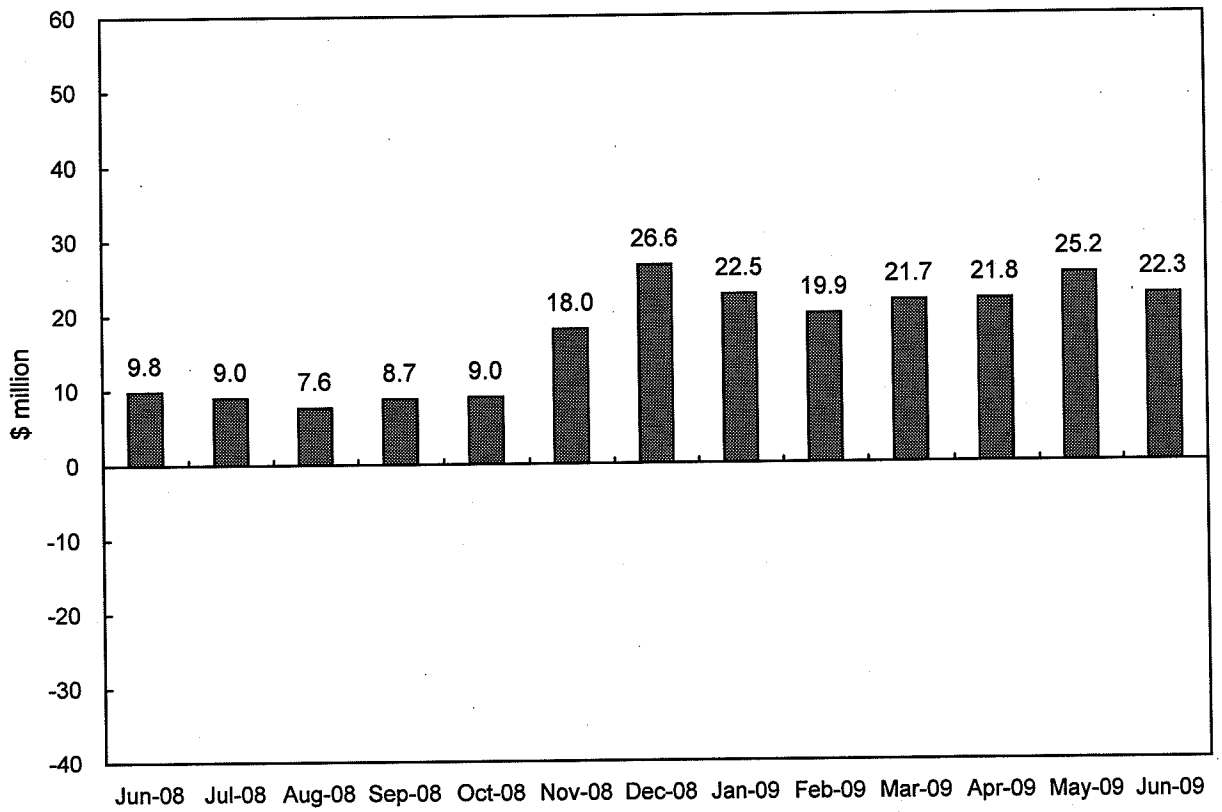
Source: Merrill Lynch index: Bloomberg Financial Markets

GAIN / LOSS SUMMARY

RESIDUAL FUND: TOTAL REALIZED GAIN OR LOSS (1)



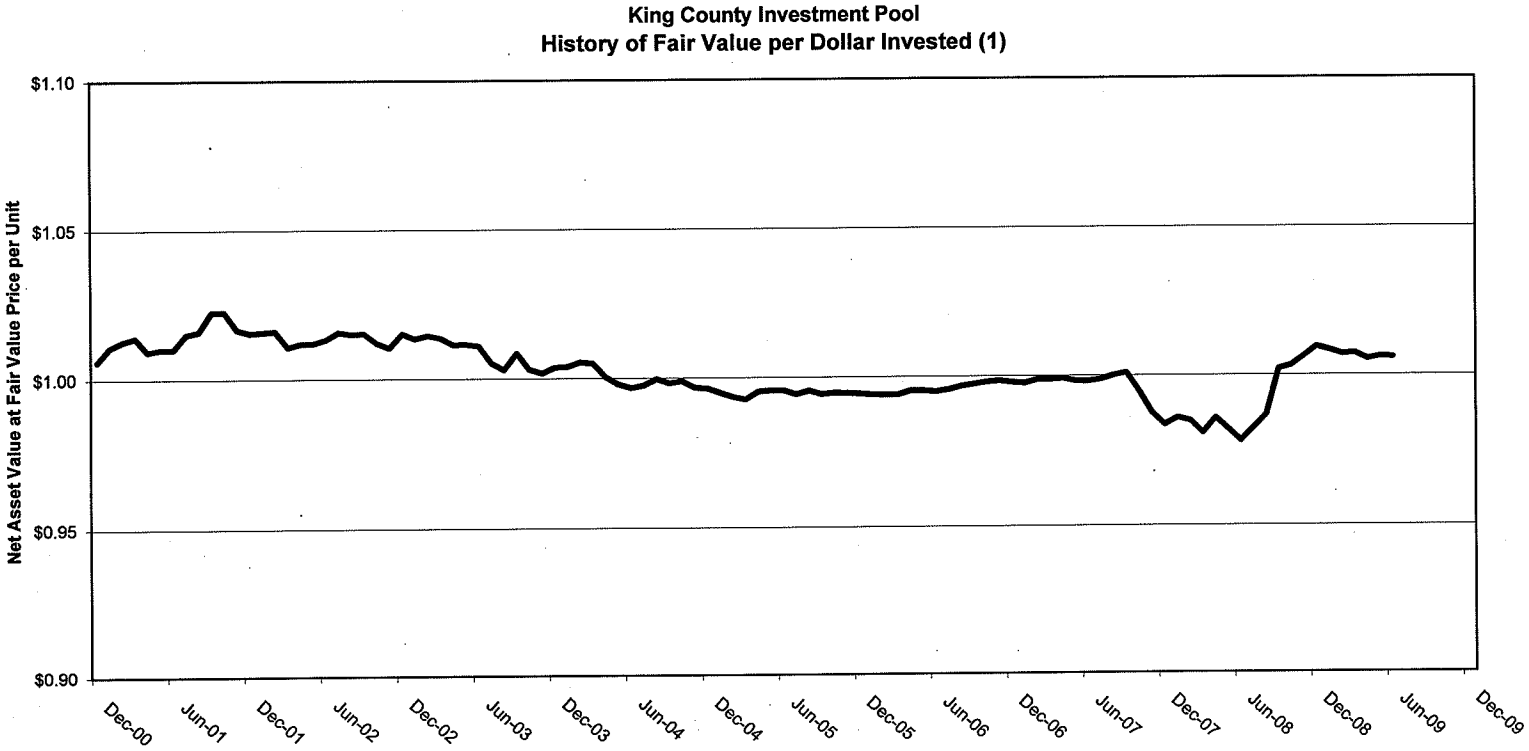
NET UNREALIZED GAIN OR LOSS (CORE PORTFOLIO ONLY)



(1) Excludes losses from impaired CP

King County Investment Pool
Fair Value Report

	04/30/09	05/31/09	06/30/09
Net Assets (1)			
Net Assets held in trust for pool participants	$ 4,941,978,467.40	$ 4,711,870,585.05	$ 4,230,532,488.15
Net assets consist of:			
Participant units outstanding ($1.00 par)	$ 4,916,215,577.52	$ 4,683,605,606.39	$ 4,206,055,960.17
Undistributed and unrealized gains(losses)	$ 25,762,889.88	$ 28,264,978.66	$ 24,476,527.98
Net Assets	$ 4,941,978,467.40	$ 4,711,870,585.05	$ 4,230,532,488.15
Total Pool -- Net asset value at fair value price per unit	**$1.0052**	**$1.0060**	**$1.0058**



(1) Impaired securities were separated from main pool on 9/1/08

Impaired Pool Holdings Report
6/30/2009

Commercial Paper Issuer	Status	Current Book Value	Estimated Future Cash Recovery	Estimated Future Unrealized Loss
Mainsail II	Restructured	3,022,926.58	782,000.00	2,240,926.58
Cheyne Finance	Restructured	787,502.14	507,750.00	279,752.14
Rhinebridge	Restructured	1,885,308.88	1,134,600.00	750,708.89
Victoria Finance (1)	Restructuring In Progress	40,864,208.77	8,528,000.00	32,336,208.77
	Total	46,559,946.37	10,952,350.00	35,607,596.38

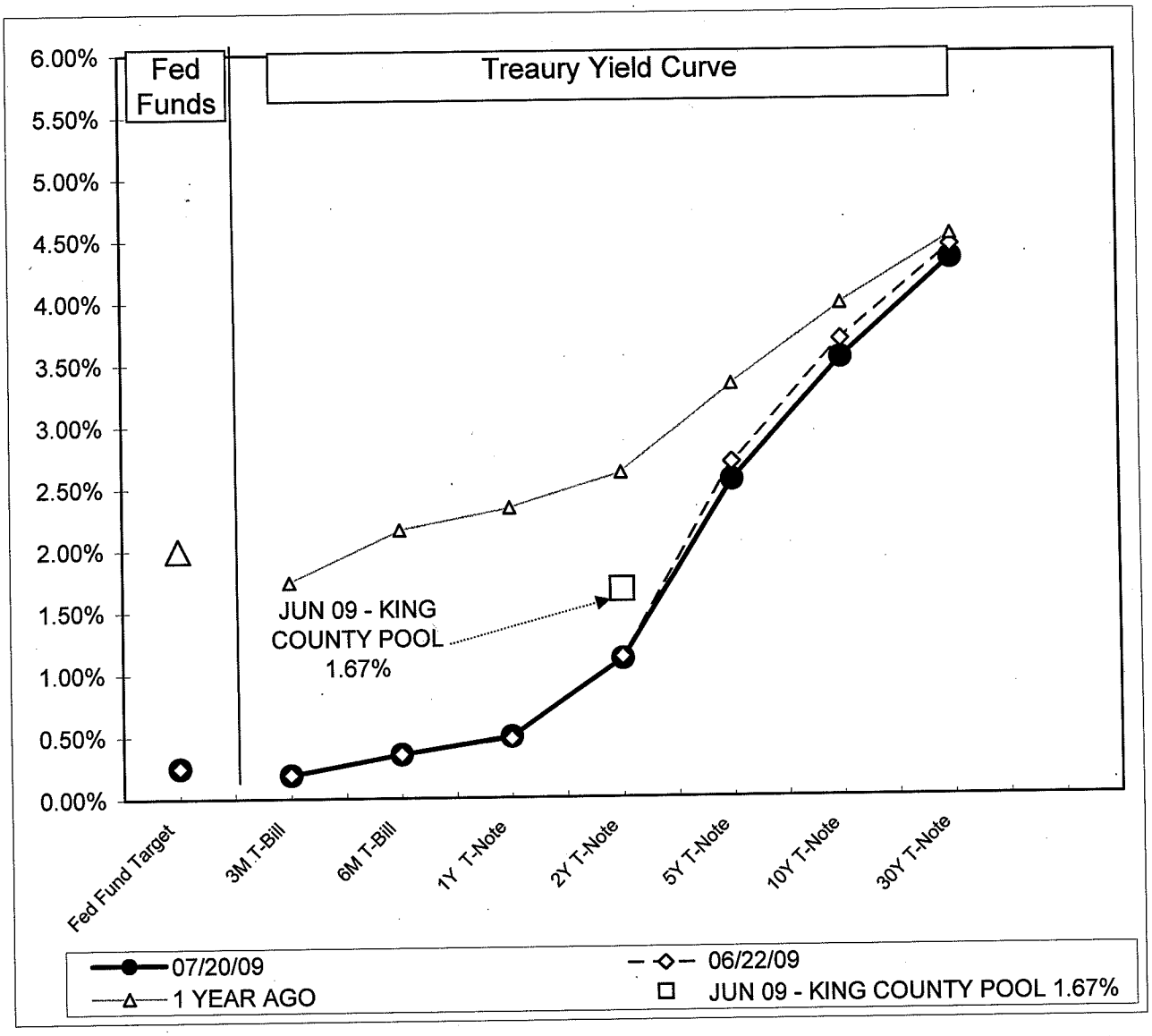
Fair Value Ratio	0.2352

(1) Victoria Finance restructuring is not complete. Using market price to estimate cash recovery and unrealized loss.

Pool Earnings Distribution History

	Distributed Losses On Impaired Investments	*Pool Earnings Distribution*	*Net Pool Earnings Distributed*
YTD 2009	$0	$40,875,121	$40,875,121
2008	$73,296,907	$135,838,883	$62,541,976
2007	$0	$199,099,971	$199,099,971
2006	$0	$165,576,358	$165,576,358

INTEREST RATE SUMMARY



	07/20/09	06/22/09	1 YEAR AGO
Fed Fund Target	0.25%	0.25%	2.00%
3M T-Bill	0.19%	0.19%	1.74%
6M T-Bill	0.36%	0.36%	2.16%
1Y T-Note	0.49%	0.48%	2.34%
2Y T-Note	1.12%	1.13%	2.62%
5Y T-Note	2.56%	2.70%	3.33%
10Y T-Note	3.54%	3.69%	3.97%
30Y T-Note	4.33%	4.44%	4.53%

PACKET PAGE: 6
REPORT ARM650-4

INTEREST ON INTERFUND LOANS RECAP BY FUND

PAGE 1 RUN 07/13/09

FUND	AVG BORROWED	AVG LOANED	BORROWED	LOANED	INTEREST-PAID	INT-RECEIVED	
00-000-001-0		999,800.87		29,994,026.01		1,372.35	CURRENT EXPENSE SUB-FUND
00-000-180-0	796,786.47		23,903,594.21		1,093.69		PUBLIC HEALTH
18-001-553-0	203,014.39		6,090,431.80		278.66		IBIS PAYROLL CLEARING
REPORT TOTAL	999,800.87	999,800.87	29,994,026.01	29,994,026.01	1,372.35	1,372.35	

POOLED FUNDS WITH NEGATIVE CASH BALANCES

FUND	DATE	FUND DESCRIPTION	LOWEST CASH	AVERAGE CASH
00-000-001-5	06-24-09	CFSA TRNFRS-COMM SRV DIV	12,466.51-	11,372.61
00-000-103-0	06-29-09	COUNTY ROAD FUND	2,313,202.45-	71,883.68
00-000-124-0	06-01-09	CITIZEN COUNCILOR REV FND	7,018.66-	16,149.14
00-000-156-1	06-30-09	KC FLD CNTRL OPR CONTRACT	320,010.51-	155,359.01-
00-000-159-1	06-18-09	KC MARINE OPER	806,593.67-	629,260.26-
00-000-357-1	06-17-09	KC FLD CNTRL CAP CONTRACT	797,069.83-	463,696.19-
00-000-359-1	06-12-09	KC MARINE CONST	60,497.84-	48,937.76-
00-000-361-1	06-29-09	WATER QUALITY CONST-UNRES	35,207,513.89-	15,660,698.83-
00-000-385-0	06-30-09	RENTON MAINTENANCE FACIL	1,163,755.66-	985,869.30-
00-000-386-0	06-30-09	COUNTY ROAD CONSTRUCTION	3,999,344.86-	3,110,566.33-
00-000-395-1	06-30-09	BLDG REPAIR/REPL SUBFUND	11,496,608.25-	11,322,399.07-
00-000-560-0	06-01-09	PRINTING/GRAPHIC ARTS SRV	528,586.88-	449,485.81-
00-000-624-4	06-08-09	ISSAQUAH SD411 IMPACT FEE	18,331.72-	347.15-
00-000-892-1	06-24-09	2006AB SWR JR LIEN MULTI-	516.00-	137.60-

EXCLUDED FUNDS WITH NEGATIVE CASH BALANCES CONTROL MONTH: 06

FUND	DATE	FUND DESCRIPTION	LOWEST CASH	AVERAGE CASH
00-000-214-0	06-11-09	GRANTS FUND	1,560,742.67-	1,137,558.36-
00-000-224-0	06-30-09	WORK TRAINING PROGRAM	270,674.92-	166,849.41-
00-000-224-1	06-15-09	DISPLACED WKR PROG ADMIN	968,653.03-	765,550.33-
00-000-246-0	06-01-09	FED HOUSNG & COMM DEV FND	1,383,771.53-	631,100.10-
00-000-461-0	06-01-09	WATER QUALITY OP SUMMARY	14,310,877.11-	10,117,648.06-
00-000-464-0	06-29-09	PUBLIC TRANSP OPTG SUMMRY	6,997,440.87-	10,401,000.00
00-000-621-0	06-02-09	RESIDUAL INVESTMENTS	4,454,461,889.25-	4,317,440,534.55-
00-000-621-1	06-01-09	NON-POOLED INVESTMENT FND	46,559,946.38-	46,559,946.38-
00-000-677-0	06-01-09	PROPERTY TX SUSPENSE FUND	6,377.90-	5,814.65-
00-000-699-0	06-01-09	ASSMT DISTRIBTN / REFUND	18,411.08-	18,411.08-
00-000-999-0	06-13-09	UNDIST, WARRANTS REDEEMED	29,020.82-	7,869,481.14

INTERFUND LOANS AMONG NON-COUNTY FUNDS

FUND	AVG BORROWED	AVG CASH BAL	BORROWED	FUND DESCRIPTION
05-001-001-0	45,609.08	37,002.55-	1,368,272.59	PORT-GENERAL FUND
06-121-001-0	100.88	110,983,153.92	3,026.48	PUGET SD ESD GENERAL FUND
06-410-001-0	344.08	41,020,871.61	10,322.68	SNOQUAL VLY GEN REG FUND
06-412-001-0	177,060.91	77,920,550.73	5,311,827.42	SHORELINE SCH GEN REG FD
06-415-001-0	114,724.36	88,581,747.60	3,441,730.97	KENT SCH GENERAL REG FUND
07-012-001-0	142.86	3,267.29	4,285.91	ALGONA GEN TAX REG FUND
07-021-001-0	284.22	16,382.70	8,526.89	AUBURN GEN TAX REG FUND
07-035-001-0	706.49	706.49-	21,194.77	BEAUX ARTS GEN TAX REG FD
07-036-001-0	190.41	173,169.86	5,712.54	BELLEVUE GEN TAX REG FUND
07-042-001-0	159.75	1,369.51	4,792.64	BLACK DIAMOND GEN TX RG C
07-045-001-0	32.18	11,122.65	965.59	BOTHELL GENERAL TAX REG C
07-053-001-0	82.07	18,228.15	2,462.39	BURIEN GENERAL
07-061-001-0	1,181.97	860.51-	35,459.21	CARNATION GEN TAX REG T
07-072-001-0	96.68	8,696.60	2,900.53	CLYDE HILL GEN TAX REG T
07-080-001-0	6.29	12,513.82	188.73	COVINGTON GENERAL TAX
07-095-001-0	397.99	12,699.64	11,939.75	DES MOINES GEN TAX REG C
07-111-001-0	74.45	7,646.97	2,233.50	DUVALL GEN TAX REGULAR T
07-135-001-0	540.92	5,113.93	16,227.61	ENUMCLAW GEN TAX REG C
07-164-001-0	897.27	32,298.98	26,918.10	FEDERAL WAY GEN TAX REG
07-232-001-0	2.99	265.01	89.93	HUNTS POINT GEN TAX REG T
07-260-001-0	33,714.20	13,584.96	1,011,426.15	ISSAQUAH GEN TAX REG C
07-280-001-0	3.38	22,218.14	101.63	CITY OF KENMORE
07-305-001-0	170.78	52,025.09	5,123.49	KENT GEN TAX REG C
07-309-001-0	651.76	56,530.66	19,552.84	KIRKLAND GEN TAX REG C
07-331-001-0	20,414.72	18,978.23-	612,441.68	LAKE FOREST PK GN TX RG C
07-350-001-0	227.82	11,050.91	6,834.80	MAPLE VALLEY GENERAL TAX
07-365-001-0	14.31	7,610.32	429.45	MEDINA GEN TAX REGULR C
07-366-001-0	35.01	19,190.92	1,050.47	MERCER ISLAND GN TX REG C

INTERFUND LOANS AMONG NON-COUNTY FUNDS

FUND	AVG BORROWED	AVG CASH BAL	BORROWED	FUND DESCRIPTION	
07-369-001-0	114.36	75.62-	3,430.88	MILTON GENERAL TAX REG	T
07-385-001-0	111.60	23,192.84	3,348.09	NEWCASTLE GENERAL TAX REG	
07-405-001-0	86.34	6,667.06	2,590.44	NORMANDY PARK GN TX RG	C
07-406-001-0	2.94	1,203.14	88.20	NORTH BEND GEN TAX REG	T
07-451-001-0	85.68	4,024.01	2,570.59	PACIFIC GEN TAX REG	C
07-515-001-0	103.04	86,339.16	3,091.28	REDMOND GEN TAX REG	C
07-520-001-0	4,977.32	76,762.19	149,319.79	RENTON GEN TAX REG	C
07-542-001-0	519.64	8,664.76	15,589.28	SEATAC GEN TAX REG	
07-545-001-0	17,595.40	328,421.08	527,862.25	SEATTLE GEN TAX REG	C
07-548-001-0	908.60	39,786.56	27,258.05	SHORELINE GENERAL TAX	
07-551-001-0	532.01	532.01-	15,960.52	SKYKOMISH GEN TAX REG	T
07-554-001-0	47,729.87	42,321.31-	1,431,896.35	SNOQUALMIE GEN TAX REG	T
07-591-001-0	998.21	5,784.05	29,946.36	TUKWILA GEN TAX REG	C
07-651-001-0	11.64	8,761.97	349.22	WOODINVILLE GENERAL	
09-042-001-0	33,873.37	8,640,965.57	1,016,201.38	SHORELINE WD MAINTENANCE	
10-061-001-0	88,416.62	87,543.83-	2,652,498.68	VALLEY REGIONAL FIRE AUTH	
14-004-001-0	14,542.06	1,860,885.03	436,261.90	HOSPITAL 4 GENERAL	
16-128-001-0	44.63	44.63-	1,338.90	RID 128 ENHANCED	
16-131-001-0	3,418.36	3,418.36-	102,550.80	RID 131 ENHANCED	
REPORT TOTAL	611,939.72	2,785,387,417.99	18,358,191.70		

Interfund Borrowings from Surplus King County Cash (Automated System)

06/30/09

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	00-000-3611	Waste Water Construction	To prevent interruption of capital improvement program. Repayment from future revenue bond issue.	$300,000,000	($35,180,192)	$15,660,699	$21,558	2/28/2009, 8/31/09	Pool Rate	CX/Residual/ Surplus County Cash	9/25/2008, 2/26/09
King County	00-000-3951	Building Repair & Replacement Fund	Interim funding to allow the fund to purchase a facility to house the King County Elections Division. Repayment from future bond proceeds.	$27,000,000				12/31/2008 3/31/09 6/30/09	Pool Rate	CX/Residual/ Surplus County Cash	7/24/2008, 12/11/08, 3/26/09
King County	00-000-3951	Building Repair & Replacement Fund	Interim funding to pay for tenant improvements at the data center. Repayment from future bond proceeds.	$9,800,000				4/23/2010	Pool Rate	CX/Residual/ Surplus County Cash	4/23/2009
King County	00-000-3951	Building Repair & Replacement Fund	Total of Two Loans for 3951	$36,800,000	($11,496,608)	$11,322,399	$15,586				
King County	00-000-4611	Waste Water Operating	Payoff $100 million of 2006 variable rate debt. Repayment from surplus revenues.	$100,000,000	($35,834,846)	$40,390,533	$55,601	12/31/2013	Pool Rate	CX/Residual/ Surplus County Cash	12/11/2008
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, $2,200,000, $1,094,443	($264,917)	$449,486	$619	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, 12/31/08, 1/31/09, 12/31/09	Pool Rate	CX/Residual/ Surplus County Cash	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, 2/28/08, 12/11/08, 1/22/09
Road Improvement District	16-127-3010	RID 127	Road improvements. Repayment from taxpayer assessments	$500,000	$423	$0	$0	Open	Pool Rate	CX/Residual/ Surplus County Cash	6/21/2001
Road Improvement District	16-128-3010	RID 128	Road improvements. Repayment from taxpayer assessments	$500,000	($45)	$45	$0.07	Open	Pool Rate	CX/Residual/ Surplus County Cash	6/21/2001
Road Improvement District	16-129-3010	RID 129	Road improvements. Repayment from taxpayer assessments	$500,000	$7,081	$0	$0	Open	Pool Rate	CX/Residual/ Surplus County Cash	6/21/2001
Road Improvement District	16-130-3010	RID 130	Road improvements. Repayment from taxpayer assessments	$500,000	$1,420	$0	$0	Open	Pool Rate	CX/Residual/ Surplus County Cash	6/21/2001
Road Improvement District	16-131-3010	RID 131	Road improvements. Repayment from taxpayer assessments	$500,000	($3,418)	$3,418	$5	Open	Pool Rate	CX/Residual/ Surplus County Cash	6/21/2001
Road Improvement District	16-132-3010	RID 132	Road improvements. Repayment from taxpayer assessments	$500,000	$20,494	$0	$0	Open	Pool Rate	CX/Residual/ Surplus County Cash	6/21/2001

Interfund Borrowings (Direct Loans)

06/30/09

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	($449,023)	$0	Open	0%	CX/Residual/ Surplus County Cash	11/26/1975
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	$110,639,701	$0	4/30/2006, 4/30/2007, 4/30/2008, 4/30/2009, 4/30/2010	0%	CX/Residual/ Surplus County Cash	4/28/2005, 4/28/2006, 4/26/2007, 4/24/2008, 4/23/2009

Investment Pool Options Related to SB 5539

July 9, 2009

Introduction:

SSB 5539 is a new law impacting the administration of county investment pools and limits fees that may be charged. The new law goes into effect on July 26, 2009. SSB 5539 made two key changes to RCW 36.29.024:

1. "actual expenses" which may be charged to pool participants are defined to include direct and out-of-pocket costs and exclude indirect or loss of opportunity costs.

2. A county investment pool must be made available for the investment of funds of any local government made pursuant to RCW 36.29.020.

Background: Investment Services and Cash Management Services

The County currently provides pool members a combination of investment services and cash management services under the condition that each pool member abides by the provisions of an interlocal agreement, which includes a fee of 12 basis points. Following is a listing of the types of pool services currently provided

Investment Services:

- Monitoring of investment markets
- Monitor credit quality of counterparties, banks, and issuers
- Develop investment policies
- Develop investment strategies
- Report investment performance
- Purchase investment securities
- Account for all investment activity
- Arrange for safekeeping of securities
- Develop RFP and contract for safekeeping services
- Negotiate and maintain tri-party repurchase agreements
- Distribute pool earnings and provide earnings report

Cash Management Services:

- Provide daily sweep of cash balances and automatic investment
- Aggregate cash balances by utilizing ZBA accounts
- Credit bank deposits on date of deposit
- Distribute property taxes daily (State law says 1st of month)
- Charge districts funds issuing warrants when warrants clear rather than when issued
- Cover inadvertent negative balances

- Execute wire and ACH payment requests

Options for Administering SSB 5539

The Executive Finance Committee (EFC) is reviewing the impacts and options associated with the new law, including consultations with the County's attorneys. There are at least three possible courses of action for the County to consider:

A. *Continue providing the current investment services and cash management services and charge pool members for the actual expenses of administration.*

B. *The county would provide all investment services but would no longer provide the cash management services listed above. This would essentially be a return to the service level that existed prior to the pooling of funds in which pool members were required to provide specific and ongoing direction to the county regarding the amount of funds to be invested and the duration.*

C. *Provide all pool members the basic investment services as listed above and separately contract and bill for the cash management services. The cash management services would be accessed by pool members via new interlocal agreements.*

Next Steps

- Discuss with Investment Pool Advisory Committee on July 9
- Discuss with EFC members at July 23rd meeting
- Send email or letter to all pool members by July 27 announcing implementation approach/plans for SSB 5539