

**INVESTMENT POOL ADVISORY COMMITTEE
MINUTES
July 20, 2017**

The Investment Pool Advisory Committee Teleconference meeting was held in Conference Room 610 located in the King County Administration Building beginning at 10:30 am.

Members Present & by Skype

Robert Howell
Scott Matheson
Tzeghe Makonnen
Tim Kerr
Dan Kaplan
Matt Sullivan
Gary Prince
William (Bill) Gates

King County Staff

Mike Smith, Chief
Investment Officer

Christine Denis, Credit
Analyst

Robin Wohlhueter,
Administrator I

Members absent

Ralph Fortunato, Chair
Robert Payne, Vice Chair

1. Introductions

The meeting was called to order at 10:30 am for the purpose of reviewing and discussing the King County Investment Pool Policy. Due to changes in the regulatory environment for financial institutions, it has become more difficult to find repurchase agreement (repo) counterparties since the economic downturn in 2008.

2. Repurchase Agreements

Mike Smith discussed the purpose of the recommended changes to the King County Investment Pool Policy Schedule I and minor modifications of Schedule II, Repurchase Agreements. Under the current policy repo counterparties must have an A-1 or P-1 short-term credit rating. The proposed modification would allow counterparties with an A-2 or P-2 rating to qualify for overnight repos. The portfolio would only be allowed to hold 10% of its assets in the A-2/P-2 repo category. PFM has reviewed proposed changes and is comfortable with King County moving forward with the changes.

Members asked questions about the proposal and the risks associated with making these changes. Mike Smith explained that adding a second tier rating will create more competition, and the safety of the pool should not be compromised because the proposed changes are also consistent with S&P's rating criteria for 'AAA' rated mutual funds.

Members were supportive of moving forward with the recommended changes to the King County Investment Pool Policy, Schedule I and Schedule II as proposed. This document will be forwarded to the Executive Finance Committee for review at its July 26 meeting.

Finally, Mike Smith mentioned two other topics that could come before IPAC in the future: Changes to the pool's performance benchmark and a new type of repo guaranteed by a clearinghouse.

3. Adjournment

The meeting adjourned at 10:55 a.m.