



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 9, 2007

Motion 12595

Proposed No. 2007-0502.3

Sponsors Ferguson, Hague, Constantine and Lambert

1 A MOTION creating the King County investment pool
2 advisory panel.

3
4 WHEREAS, the King County investment pool was established in 1989 to
5 preserve and protect capital and provide a market rate of return on public funds through
6 budgetary and economic cycles, and

7 WHEREAS, today, the pool is one of the largest public investment pools in the
8 state of Washington, holding over four billion dollars in public funds, and

9 WHEREAS, the pool is available to all districts, agencies and public authorities in
10 King County, except incorporated cities, to invest their cash reserves, and nearly one
11 hundred of these entities have chosen to become members of the pool, and

12 WHEREAS, the executive finance committee oversees the investment of funds in
13 the pool and seeks to maximize the rate of return on its portfolio subject to the safety and
14 liquidity of the instruments authorized under state law, and

15 WHEREAS, the investment pool is currently assigned the highest credit quality
16 rating by Standard and Poor's Rating Services, and

17 WHEREAS, recent financial market conditions have generated investment
18 situations not previously encountered by the pool, and

19 WHEREAS, the metropolitan King County council has a long history of
20 responsible stewardship and oversight of the public's money;

21 NOW, THEREFORE, BE IT MOVED by the Council of King County:

22 A. The King County investment pool advisory panel is hereby created.

23 1. The metropolitan King County council shall appoint a three-member advisory
24 panel to conduct a comprehensive review of the King County investment pool. This
25 review shall include comparisons to similar investment pools. Members shall be experts
26 in the financial industry and shall be selected based upon their knowledge of financial
27 markets and instruments, public investment pools and macroeconomics.

28 2. The advisory panel will review the King County investment pool in the
29 following areas:

30 a. the investment goals of the pool, including risk tolerance, liquidity targets
31 and rates of return;

32 b. the membership goals of the pool, including the size of membership, the
33 value of maintaining a high credit rating with a national rating agency, and the roles and
34 responsibility of members in sharing risks and returns;

35 c. the investment policies of the pool, including maturity, duration, liquidity
36 and diversification policies, as well as the types, creditworthiness and limits on the
37 securities held by the pool;

38 d. the portfolio of the pool, including how well investment goals are
39 maximized and policies are followed; and

40 e. the management structure of the pool, including how day-to-day operational
41 and investment decisions are made and the role of the executive finance committee. The
42 pool's structure shall be reviewed for its inclusion of financial expertise and the
43 availability of objective advice when establishing investment policies and practices. The
44 need for representation of other pool members in the policy decision-making process
45 shall also be reviewed.

46 3. The advisory panel shall assess the need for and possible models of
47 incorporating outside financial experts to help guide the policy and operational decisions
48 of the pool.

49 4. The advisory panel shall review the written investment policies of the county
50 and assess the availability of these policies to the public.

51 B. Nominations for appointments shall be provided to the council chair by
52 councilmembers by October 19, 2007. The chair of the council, in consultation with the
53 chairs of the operating budget, fiscal management and mental health committee and the
54 capital budget committee, or their successors, shall appoint members, including a chair,
55 by motion by October 29, 2007.

56 C. The advisory panel shall convene by December 3, 2007, and present a work
57 program to the council by December 14, 2007, with a final report due to the council by
58 March 3, 2008. Sixteen copies of the report shall be filed with the clerk of the council for
59 distribution to all councilmembers and budget committee staff.

60 D. Staff to the advisory panel shall be provided by the metropolitan King County
61 council.

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Motion 12595 was introduced on 10/1/2007 and passed as amended by the Metropolitan King County Council on 10/8/2007, by the following vote:

Yes: 8 - Mr. Gossett, Ms. Patterson, Mr. von Reichbauer, Mr. Dunn, Mr. Ferguson, Mr. Phillips, Ms. Hague and Mr. Constantine

No: 0

Excused: 1 - Ms. Lambert

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments None