



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 9, 2007

Motion 12599

Proposed No. 2007-0530.2

Sponsors Ferguson

1 A MOTION relating to King County investment policies.

2

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

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

9 WHEREAS, in accordance with K.C.C. 4.10.050, the executive finance committee is
10 the "county finance committee," referred to in RCW 36.29.020 and 36.48.070, and is
11 responsible for directing the manager of the finance and business operations division in
12 determining the maximum prudent extent to which residual treasury cash shall be invested
13 pursuant to RCW 36.29.020 and K.C.C./chapter 4.08. Actions of the committee shall be by
14 majority vote except when the chairperson of the council determines such action constitutes
15 a policy determination, as opposed to an administrative determination, which should be
16 referred to the council. The chairperson of the council may defer action on the proposal
17 until the council makes such policy determination regarding the proposed action, and

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

20 WHEREAS, the executive finance committee by its motion on August 29, 2007,
21 segregated Mainsail II LLC from the investment pool in response to the downgrading of
22 this commercial paper holding to below investment grade. As part of that motion, two
23 conditions were included:

24 1. Mainsail II LLC would not be segregated if such action would negatively
25 affect the county's debt rating; and

26 2. Mainsail II LLC, if segregated from the pool, would be returned to the pool if
27 the rating of any other commercial paper holding was downgraded to below investment
28 grade, and

29 WHEREAS, on October 4, 2007, Moody's Investors Service downgraded Cheyenne
30 Finance, another investment pool holding, to below investment grade, and

31 WHEREAS, on October 4, 2007, the executive finance committee proposed an
32 amendment to its August 29 motion as follows:

33 "The Mainsail investment should only be returned to the investment pool under
34 two conditions: (1) if Standard & Poor's downgrades any commercial paper holding in
35 the pool to a rating of 'below investment grade' and (2) if Standard & Poor's determines
36 that as a result of their 'below investment grade rating' of any commercial paper holding,
37 they also plan to downgrade the overall investment pool," and

38 WHEREAS, action on the executive finance committee motion of October 4 was
39 deferred under K.C.C. 4.10.050 as constituting policy as opposed to administrative
40 determinations and was referred to the King County council;

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

42 The action of the executive finance committee on August 29, 2007, which
43 segregated Mainsail II LLC from the investment pool in response to the downgrading of
44 this commercial paper holding to below investment grade, is hereby amended as follows:

45 "The Mainsail investment should only be returned to the investment pool under two
46 conditions: (1) if Standard & Poor's downgrades any commercial paper holding in the
47 pool to a rating of 'below investment grade' and (2) if Standard & Poor's determines that

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48 as a result of their 'below investment grade rating' of any commercial paper holding, they
49 also plan to downgrade the overall investment pool."

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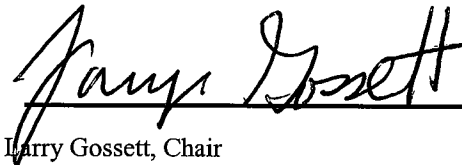
Motion 12599 was introduced on 10/8/2007 and passed as amended by the Metropolitan King County Council on 10/8/2007, by the following vote:

Yes: 7 - Mr. Gossett, Ms. Patterson, Mr. von Reichbauer, Mr. Dunn, Mr. Ferguson, Mr. Phillips and Mr. Constantine

No: 0

Excused: 2 - Ms. Lambert and Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments None