



Legislation Text

File #: 2007-0530, **Version:** 2

Clerk 10/09/2007

A MOTION relating to King County investment policies.

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

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

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

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

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

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

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

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

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

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

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

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

The action of the executive finance committee on August 29, 2007, which segregated Mainsail II LLC from the investment pool in response to the downgrading of this commercial paper holding to below investment grade, is hereby amended as follows: "The Mainsail investment should only be returned to the investment pool under two conditions: (1) if Standard & Poor's downgrades any commercial paper holding in the pool to a rating of 'below investment grade' and (2) if Standard & Poor's determines that as a result of their 'below investment grade rating' of any commercial paper holding, they also plan to downgrade the overall investment pool."