

KING COUNTY INVESTMENT POOL AGREEMENT

THIS AGREEMENT is made and entered into this day by and between King County, a political subdivision of the state of Washington and home rule charter county and the _____, a special district in the State of Washington (hereinafter referred to as the "District").

WHEREAS the King County is authorized, but not required to offer investment pooling opportunities to districts located in the County; and

WHEREAS the Washington State Legislature has amended RCW 36.29.024 and modified the allowable fees that may be deducted by King County for investment pool expenses; and

WHEREAS King County has carefully considered the benefits and risks of continuing pooling funds for investments; and

WHEREAS King County has determined that continuing to offer pooled investments is a benefit to King County and a benefit to various special districts; and

WHEREAS the District would like to continue having its funds pooled for investment by King County; and

WHEREAS this agreement is authorized by RCW 36.29.020, 36.29.022, and 36.29.024;

NOW, THEREFORE, in consideration of the terms and provisions herein, it is agreed by and between the District and King County as follows:

I. SCOPE OF WORK

A. King County

1. King County agrees to accept for investment a specific amount of funds the District has determined is not necessary for the District's immediate expenditure. King County agrees to combine the designated District funds, King County funds and the funds of other special districts that have agreed to pool funds for investment in the King County Investment Pool (hereinafter "Pool"). The King County Chief Investment Officer, and other individuals duly authorized by King County, with oversight by the King County Finance Director or designee, shall have sole authority and responsibility for determining and executing the specific investments for the Pool, consistent with state law and the investment policies adopted by the King County Executive Finance Committee. King County has also established an Investment Pool Advisory Committee (Ordinance 16280) which shall provide input and advice to the Executive Finance Committee on agenda items that relate to investment policies, practices and fees.

2. King County will be responsible for management of the Pool, including establishing the policies for the Pool, calculating interest earnings, allocating earnings and any realized losses among the District and other participants in the Pool, and determining and collecting Pool fees.

a. Pool Policies

The King County Executive Finance Committee, or its successor, shall adopt and may periodically amend the policies governing the Pool. For reference, the enclosed "Exhibit A" provides a copy of the current adopted policies. Except in an emergency, the Executive Finance Committee, or its successor, will consult with the Investment Pool Advisory Committee at least 60 days prior to adopting or implementing changes to any policies governing the Pool.

b. Interest Earnings

(i) King County shall distribute interest earnings to the District based on the District's average daily cash balance maintained in the Pool as determined by King County. King County shall calculate interest earnings by the 15th day of the following month; however, the actual distribution will be effective as of the first of the month.

(ii) King County shall calculate the monthly interest earnings rate used for Pool distributions using earnings of the Pool on an accrual basis. Earnings will be paid on an actual/actual day basis. For example, a fund maintaining an average balance of \$1,000,000 in a 31-day month for which a 3.00% earnings rate is paid will receive \$2,547.95 in interest for that month. ($\$1,000,000 \times .03 \times 31/365$).

c. Pool Fees

(i) King County shall deduct from each District's funds an estimate for the actual expenses incurred for the Pool for the coming year. An estimated annual fee for Pool participation shall be set initially at three and one-half (3.5) basis points (.035%). In accordance with RCW 36.29.024, this fee is intended to reflect King County's estimated direct expense and out-of-pocket cost of administering the Pool, plus a safety margin for unanticipated expenses. This fee shall be applied monthly against the average cash balance of the District and collected monthly by King County, determined as follows: .00035 multiplied by the average cash balance of the District during the month multiplied by the number of days in the month divided by 365. For example, the monthly fee collected from the example above would be \$29.73 ($1,000,000 \times .00035 \times 31/365$). King County shall reevaluate the annual fee each year based on the rebate provided for the prior year and an estimate of actual expenses for the coming year.

(ii) If the amount of estimated fees collected within King County's fiscal year exceeds the actual expense of administering the Pool for that fiscal year, King County shall rebate such excess amount to the District based on the District's percentage of the total average Pool cash balance for that year. The rebate shall be made within three months of the close of King County's fiscal year. If the estimated Pool fee does not cover all of the actual expenses for the Pool, the County may collect from the District an additional amount that reflects the District's portion of deficiency, in the same manner that it would rebate any excess fees collected.

(iii) At the time King County rebates to the District any excess amount or collects from the District any deficiency amount of fees for administering the Pool for the prior year, King County shall provide an accounting of its actual expenses incurred for the Pool, as actual expenses are defined in RCW 36.29.024.

d. Reporting

King County will provide to the District a monthly statement showing the average cash balance maintained by the District, the Pool earnings rate, the District's earnings, the District's realized losses (if any), and the fee incurred. King County shall also provide a written explanation of the reason(s) for any realized loss.

B. The District

1. Deposits and Investment Instructions

a. If the District does not have a cash management agreement with the County, the District shall determine and provide notice to King County of the specific amount of funds it intends to invest in the Pool. Unless King County adopts a contrary policy, deposit requests must be received before 8:30 am on the day of deposit for same day credit.

b. If the District has a treasurer other than King County, the District shall provide notice of its intent to invest specific funds. Unless King County adopts a contrary policy, the minimum notice shall be at least one (1) working day in advance of wiring funds fewer than five (5) million dollars for investing. This notification will occur by 12 p.m. Pacific Time. Unless King County adopts a contrary policy, two (2) working days notice is required for deposits of five (5) million dollars or more into the Pool.

c. The District shall designate a regular representative and at least one alternate representative who are authorized to direct the District's deposits and withdrawals from the Pool. King County can rely upon the representations of these

authorized District representatives concerning the District's investment transactions with King County.

d. If the District does not have a cash management agreement with the County, then any fund that has a negative balance will be assessed an overdraft interest charge for each day that the fund was overdrawn, provided the negative balance was not due to investment losses or an accounting error made by King County. The overdraft interest charge shall be equal to the prime rate charged by King County's banking services provider in effect on the first day of the month in which the overdraft occurred. For example, if a fund had a negative balance of \$1 million on December 12 and the prime rate on December 1 was 3.25%, the fund would be charged \$89.04 ($\$1,000,000 \times .0325 \times 1/365$). The overdraft interest charge shall be effective on the day any District fund has a negative balance according to King County's accounting system records.

2. Withdrawals

a. The District understands and agrees that its investment of funds in the Pool is a long-term investment. The District shall not withdraw its funds from the Pool unless they are needed for immediate expenditure.

b. If the District has executed a cash management agreement with King County, the District may withdraw funds from the Pool for immediate expenditure by submitting a warrant or electronic payment request, which will reduce the principal balance in the fund.

c. If the District does not have a cash management agreement with King County, the District shall notify King County in writing when invested funds are needed for immediate expenditure and shall specify the amounts and date the funds are needed. The District shall provide King County prior written notice for withdrawals. Unless King County formally adopts a contrary policy, the minimum notice to be provided for withdrawals is:

- i. One (1) working day in advance for amounts up to five (5) million dollars,
- ii. Two (2) working days for amounts between five (5) and fifty (50) million dollars, and
- iii. Ten (10) working days notice for amounts over fifty (50) million dollars.

This notice shall occur by 12 p.m. Pacific Time on the appropriate day.

II. DISTRICT COVENANTS

The District warrants and covenants that its governing body has duly authorized the District's participation in the Pool. At the time the District authorizes King County to invest its funds in the Pool, the District warrants that those funds are not required for the District's immediate expenditure, consistent with RCW 36.29.020.

III. KING COUNTY IS INDEPENDENT CONTRACTOR

In providing services under this Agreement, King County is an independent contractor, and neither it nor its officers, agents or employees are employees of the District for any purpose.

IV. DISCLAIMER

King County makes no promises, either written or oral, regarding performance of the Pool investments. King County will attempt to obtain the highest yields available within investment policy; however, at times there may be higher yields available in other investment vehicles. The District understands that the Pool will be operated in accordance with Pool policies that focus on preservation of capital, liquidity and a predictable market rate of return, but that no investment is perfectly safe and losses of interest or principal invested may occur through no fault of King County or its representatives.

V. ADMINISTRATION

This agreement shall be administered by the King County Finance Director or designee.

VI. TERM OF AGREEMENT

This Agreement shall be effective on the date it is executed. This Agreement shall renew automatically each year on the District's Anniversary Date (as defined below) until either party terminates per Section VIII below.

VII. AMENDMENTS

No amendment to this Agreement shall be binding unless agreed to in writing by each party.

VIII. TERMINATION

King County may terminate this agreement upon 90 days written notice. The District may terminate this Agreement upon at least 45 days written notice prior to the District's anniversary date. For purposes of this section, the District's Anniversary Date shall be _____. Notwithstanding this requirement, the County in

its sole discretion may consider a request for expedited termination under extraordinary circumstances.

VIII. FUND PARTICIPATION EXCEPTIONS

The District may, by written request, exclude certain District funds from the Pool.

IX. ENTIRE AGREEMENT

This Agreement is the complete expression of the terms hereto and any oral representation or understandings not incorporated herein are excluded. Any modifications to this Agreement shall be in writing and signed by both parties. Waiver of any default shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of this Agreement unless stated to be such through written approval by the County, which shall be attached to the original Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date it is executed.

KING COUNTY

Ken Guy, Finance Director

Dated

DISTRICT

Name of District

By

Dated

Title

Exhibit “A”

KING COUNTY INVESTMENT POOL POLICIES