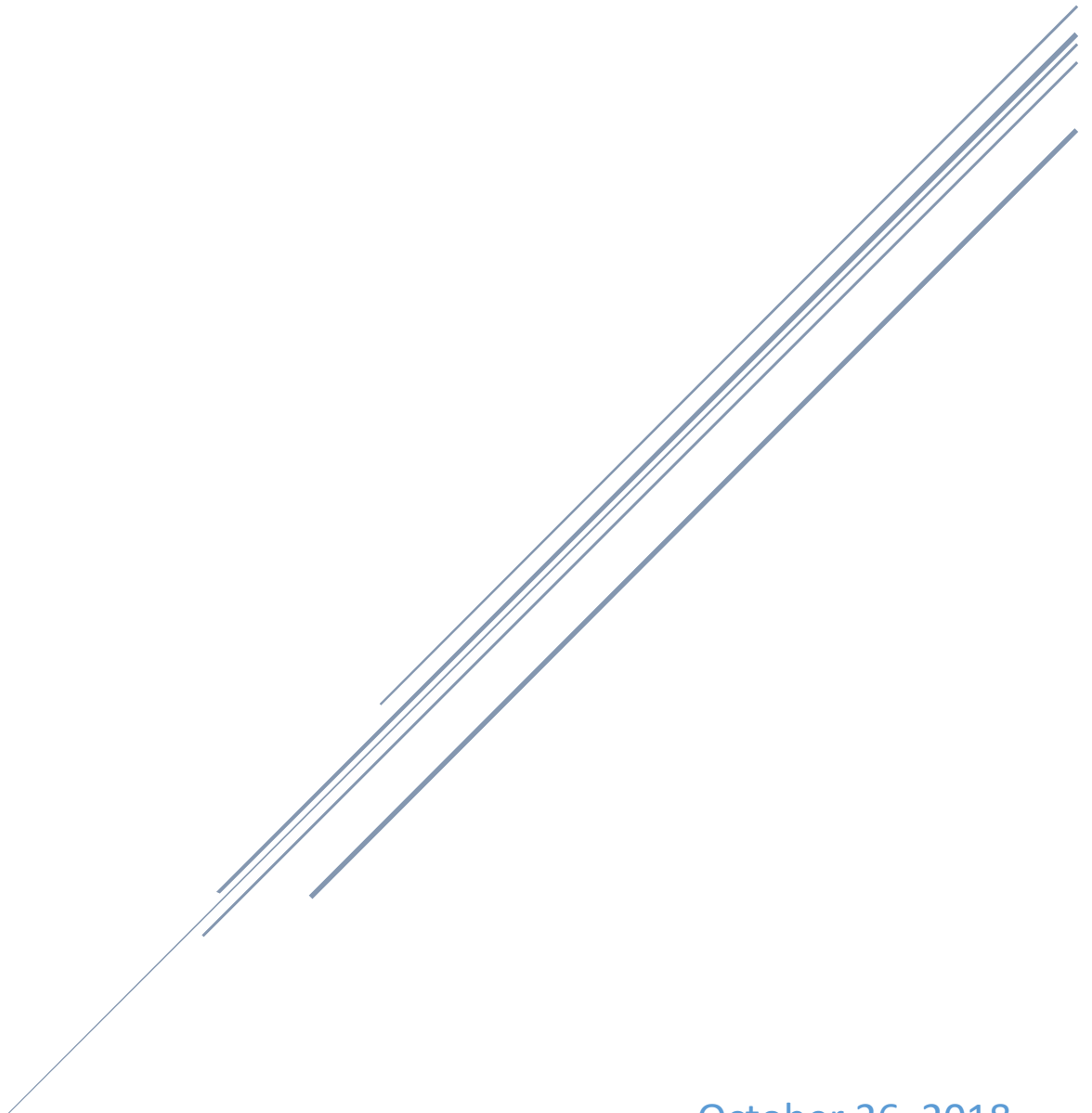


ISLAND COUNTY TREASURER'S INVESTMENT POOL

Policies and Procedures



October 26, 2018
Last updated August 25, 2020

Island County Treasurer Investment Pool – Policies & Procedures

These procedures will be strictly followed in order to obtain the most competitive interest rates and to meet the rigid standards of statutory, investment banking, and securities' regulations.

Board Resolution identifying Investment Officer

Board Resolutions appointing the Investment Officer(s) for each Island County district, entity, and department must specifically state an effective duration period granted by the agency's Board of Directors or Legislative Authority. At the conclusion of each duration period, a new resolution must be submitted to the Treasurer's Office. To ensure that accurate information is maintained, our office suggests that this resolution be updated annually. The name of the individual(s) should be used, not a title only. If your Investment Officer should change at any time, you must notify this office immediately and present a new Board Resolution as well as a new Signature Authorization Form.

Investment Pool

Investment Notification – Island County Treasurer Investment Pool (ICTIP) – the Island County Treasurer invests funds collectively in order to better meet investment objectives. RCWs 36.29.020, 36.29.022, and 36.29.024 provide statutory authority for the Treasurer to operate a pooling program. The purpose of the pool is to allow political subdivisions to combine funds available for investments in order to achieve a potentially higher yield than if the funds were invested on an individual entity basis.

The ICTIP will offer daily liquidity to the participants. Pool participation is voluntary. All pool participants must submit to the Island County Treasurer a signed resolution by their district expressing an interest in participating in a local government investment pool (see form enclosed). The district, entity, or department will be responsible for depositing and withdrawing funds based on its cash flow needs, so there is no maturity date for pooled investments as there are for specific securities and certificates of deposit. For more information, please contact the Treasurer at W.Grone@islandcountywa.gov

Funds Invested and Redeemed - Procedures

Investment Authorization Forms (investment deposits and withdrawal requests) must be received by the Treasurer's Office two business days prior to the desired transaction date. As scanned copies of these requests are currently being emailed to our office, we recommend that you continue that process. Each request received will be confirmed by our office in a separate email to the requester. If your entity utilizes fax transmissions to request investments or withdrawals, please do not consider the message delivered until you have verified its receipt with our office.

Requests received after the deadline will be processed the next business day as long as sufficient funds are still available. Likewise, the lack of available cash balance, including deposits that are receipted the next day, will be cause for delay. As a courtesy, our office will contact the Investment Officer(s) as soon as all other daily cash activities have been completed and the investment can be confirmed.

Please verify that a confirmation of your entity's investment or withdrawal has been received; if it has not, please contact our office immediately at ICTInvestments@islandcountywa.gov

Instructions must include the following information:

- Investment date (weekdays only, no holidays)
- Fund names and numbers to be invested
- Transaction type – Invest or Withdraw
- Transaction amount in whole dollars
- Signature of Investment Officer

The Treasurer's Office will not make correction to or alter investment requests; therefore, if any of the information listed above is omitted, we will contact your district to receive the appropriate corrections prior to processing the request. If a change to an investment request is required, an authorized investment officer will need to initial the correction, or submit a new form with appropriate signatures. Corrections that must be made to investment authorizations will be considered as next day transactions if not submitted within the required timeframe.

Large Withdrawals – Additional notice required

If a participant anticipates a withdrawal of \$2,000,000 or more, they must notify the Treasurer ten business days in advance of the planned withdrawal date.

Removal from participation

To remove a fund or entity from participating in the ICTIP, written notice requesting such a removal from participation must be given to the Island County Treasurer by the appropriate authority no less than 30 days prior to the effective date.

Speculation not allowed

Participants will not use the ICTIP for speculative purposes. For this reason, once a fund is removed from the ICTIP, it cannot be reinvested in this pool without written approval of the Island County Treasurer. In no case will the removal and reinvestment be approved if such actions negatively impact other participants or, in the judgment of the Island County Treasurer, such actions are being taken for speculative reasons.

Non-Pool Transactions

Eligible pool participants may invest certain specified monies outside of the ICTIP if specific criteria apply; for example, new money received by a district from bond proceeds that will not be immediately used for capital projects, or if an entity wishes to have its funds placed in a bank. Please contact the Island County Treasurer for more information.

Term investments with fixed maturity dates are also available for pool participants and will be invested outside the pool. Request for an investment of this type must provide the five items listed above plus:

- Maturity date – must be a specific date, not a weekend, not a bank or County holiday, not a number of days

Be advised that if the entity over-invests on a term investment with a specific maturity date, a penalty will be charged for early withdrawal. This is due to the policies of financial institutions and/or a change in the current market value of the investment. This is a standard requirement of financial institutions, not of the Island County Treasurer's Office.

ICTIP seeks competitive offers from approved banks and investment dealers who are on the County's approved financial institutions and securities broker/dealer list. We are placing investments with primary brokers as well as secondary market brokers or institutions in order to offer the best possible interest rates available. Because broker trades, including Agency or Treasury issues, have a delayed settlement, we require an additional day's notice to place an order. Providing further notice may increase available investment options and increase yield, depending on market conditions.

Investments under \$100,000 and for a term less than 30 days may not always be able to be placed with a bank. Pooling monies with other investors through participation in ICTIP is an option to consider for improved financial benefit.

Non-pool transactions will be confirmed by separate email to your district.

No Ongoing Instructions

No written notice with "ongoing" instructions will be accepted; that is, a new directive should be provided for each new investment – at maturity for non-pooled transactions or time of withdrawal for pooled transactions.

No Deficit Cash Balances

No public entity may carry deficit cash balances (RCW 36.29.010). If a fund has a deficit cash balance and we have been unable to contact the Investment Officer(s) we have statutory authority to liquidate an investment without the public entity's authorization. The entity will be notified in writing when their investment(s) have been liquidated by the Island County Treasurer under this rule.

Cash balances, as maintained by the Island County Auditor's Office within the general ledger, will be verified on the County's business day prior to making any investment. If there are not sufficient funds for the investment to be made, the investment request will not be processed until records indicate proper funds are available.

In the event of an error in investment instructions – specifically, that an entity has over-invested, the investment will be sold. The district may then make a decision regarding a new investment.

Interest Earnings

Interest for pool participants is distributed each month based on the average daily balance a fund maintains in the pool, and is calculated using the actual number of days in the prior month, based on a 360-day year. The total interest distributed to pool participants will be the total accrued interest earned on securities held for the pool, during the month of the interest allocation less the administrative fee. Interest earnings will be posted to participants' accounts within ten business days after the close of each month.

RCW 36.29.024 allows the County Treasurer to deduct the amounts necessary to reimburse the Treasurer's Office for the actual expenses the office incurs for the initial costs of establishing a pool and

for the cost of administering that pool. The investment fee will be calculated based on the participant's average daily balance maintained in the pool. The rate, determined by the actual costs of running the pool, is set by the Island County Treasurer and reviewed no less than annually. The initial rate is set at 5 basis points, or 0.05% of average principal balance; advance notice of any subsequent change will be provided to pool participants no less than 30 days prior to the start of a new calendar year.

Interest earnings for non-pool transactions will be calculated within the Treasurer's Financial System. Interest for individually placed investments for non-pool participants is distributed at maturity, sale date, and/or when periodic interest coupon payments are received. RCW 36.29.020 allows the charging on an investment fee on individually placed investments for providing the service of investing funds. The statutory administrative fee of 5% or the maximum of \$50 per fund shall be charged per transaction against the interest earnings after those earnings have been deposited into the County Treasurer's bank account.