

**SOUND TRANSIT**

**RESOLUTION NO. R98-42**

**King County Investment Pool  
BACKGROUND AND COMMENTS**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	9/3/98	Recommend Board Approval	Hugh L. Simpson Controller/ Treasurer	206-684-1717
Board of Directors	9/10/98	Approval		

**ACTION:**

Approval of a Sound Transit Board Resolution authorizing excess agency funds to be invested with the King County Investment Pool (KCIP).

**BACKGROUND:**

The Agency has begun accumulating tax collections and interest receipts over the past year. To invest these excess funds on a short-term basis, the Board authorized staff to invest in the Local Government Investment Pool (LGIP) operated by the State Treasurer's Office last October. At that time, Finance Committee members requested staff to explore the possibility of using the King County Investment Pool (KCIP) as an additional investment option in the future.

**RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:**

- Resolution No. 94 (9/25/97) Investment of Sound Transit resources in the Washington State Local Government Investment Pool.
- Resolution No. 97 (9/25/97) Adoption of an investment policy for Sound Transit.

**KEY FEATURES:**

The King County Investment Pool (KCIP) is managed by the County's Treasury Department. The KCIP is actively managed as two core portfolios: short-term and medium-term. The KCIP offers one-day liquidity for amounts up to \$5,000,000, two-day liquidity for amounts up to \$50,000,000 and ten-day liquidity for amounts over \$50,000,000. The investment policy governing the investment of the KCIP funds sets guidelines which fall within Sound Transit's investment policy. For the month of July the KCIP yielded a net return of 5.82% versus a 5.52% return for a two-year treasury note. Investing in the KCIP will allow Sound Transit to take advantage of earning a higher rate of return on short-term investments, while having excellent liquidity access.

**CONSEQUENCES OF DELAY:**

Delay of adding the KCIP as an investment option will limit our interest revenue earnings potential and reduce investment flexibility.

**ALTERNATIVES:**

Limit investment of short-term excess funds in the Local Government Investment Pool with the State Treasurer's Office.

## **SOUND TRANSIT**

### **RESOLUTION NO. R98-42**

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute an agreement with King County for the purpose of participating in the King County Investment Pool as an investment option for Sound Transit funds.

WHEREAS, a regional transit authority (“Sound Transit”) has been created for the Pierce, King, and Snohomish County region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, on November 5, 1996, Central Puget Sound area voters approved local option taxes to fund *Sound Move*, the ten-year plan for regional high-capacity transit in the Central Puget Sound Region; and

WHEREAS, by Resolution No. 82, the Sound Transit Board authorized the imposition of the Local Option Taxes beginning on April 1, 1997 and authorized the Washington State Department of Revenue to collect and transfer such taxes to Sound Transit; and

WHEREAS, by Resolution No. 97, pursuant to Eligible Investments for Public Funds, State of Washington – January 1997, Sound Transit adopted an investment policy for the purpose of managing Sound Transit resources; and

WHEREAS, Sound Transit currently invests funds in the Local Government Investment Pool managed by the State Treasury as authorized by Resolution No. 94; and

WHEREAS, King County is authorized to offer investment pooling opportunities for public authorities pursuant to RCW 36.29.020, provided that the funds invested are not needed for immediate expenditures; and

WHEREAS, Sound Transit desires to invest funds in the King County Investment Pool; and

WHEREAS, Sound Transit does hereby find that participating in the King County Investment Pool is in the best interest of Sound Transit as an investment option:

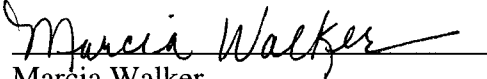
NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the Executive Director is hereby authorized to execute an agreement with King County to allow Sound Transit to fully participate in the King County Investment Pool as an investment option.

BE IT FURTHER RESOLVED that the funds to be invested in the King County Investment Pool are not required for the immediate expenditures of Sound Transit.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 10<sup>th</sup> day of September 1998.

  
Paul Miller  
Board Chair

ATTEST:

  
Marcia Walker  
Board Administrator