



Two Rivers
HEALTH DISTRICT

KENNEWICK PUBLIC HOSPITAL DISTRICT

**Board of Commissioners
Packet**

Thursday, Nov. 17, 2022

Hybrid Meeting

via Zoom and Southridge Sports Complex

Numerica Pavilion

2901 Southridge Blvd. Kennewick, WA 99336

5:00 p.m.

Kennewick Public Hospital District
Kennewick, Benton County, Washington
Consent Agenda
Nov. 17, 2022

All Materials under the Consent Agenda are considered routine by the Board of Commissioners and will be adopted by one motion in the form listed below. There will be no separate discussion of these items. An item may be removed from the Consent Agenda and considered separately if the board members or the public desire further discussion.

1. Approval of Minutes:

a. Meeting Minutes, Oct.27, 2022

Minutes

Kennewick Public Hospital District
Thursday, Oct. 27, 2022 | Hybrid Meeting with
Zoom Remote

5:00 PM

Public Hearing: Property Tax Levy

Public Hearing: Budget

Regular October Board meeting

MINUTES

Attendance: Gary Long, Mark Brault, Steve Blodgett, Marv Kinney, Dr. Sheila Dunlop, Rick Reil, Wanda Briggs, Lee Kerr, Heidi Ellerd, Nathan Burt, Salem Thompson

CALL TO ORDER:

The District provided a link for interested parties to participate through Zoom. There was one participant from the public in attendance.

Commissioner Long called the meeting to order at 5:00 pm.

I. District Business:

A. Approval of Consent Agenda

IT WAS MOVED AND SECONDED TO APPROVE THE SEPTEMBER MINUTES AS SUBMITTED. ALL IN FAVOR. NO DISCUSSION. MOTION CARRIED.

B. Public Comment – NONE

1. **Recognizing the contributions of former Commissioner Vic Johnson** – Comments by Gary Long and Wanda Briggs. His contributions are greatly appreciated and he served 17 years on the commission. A card and flowers will be sent to the family from the District's sunshine fund.

At 5:06 pm Gary Long closed the regular meeting and opened the public hearing for the property tax levy.

II. PUBLIC HEARINGS:

A. Property Tax Levy Hearing – Called to order at 5:06 pm by President Gary Long

1. Superintendent Lee Kerr gave an explanation on the levy.
2. No public comment was received.

At 5:11 pm Gary Long closed the Property tax levy hearing and opened the budget hearing.

B. Budget Hearing – Called to order at 5:11 pm by President Gary Long

1. Lee Kerr read the 2023 budget message.
2. No public comment was received.

At 5:16 pm Gary Long closed the public hearing on the 2023 budget.

III. NEW BUSINESS:

A. Resolution 2022-7 Adopting District Budget for 2023 and Approving Limit Factor

IT WAS MOVED AND SECONDED TO PASS RESOLUTION 2022-7. ALL IN FAVOR. NO DISCUSSION. MOTION CARRIED.

B. Resolution 2022-8 Certifying the Increase in Regular Tax Levy

IT WAS MOVED AND SECONDED TO PASS RESOLUTION 2022-8. ALL IN FAVOR. NO DISCUSSION. MOTION CARRIED.

C. Reports

1. Lee Kerr – Superintendent, General Update – We will need to change meeting locations. The next regular meeting will be held at the current location at the Southridge Sports Complex and from there a new location will be obtained for future meetings.
2. Legal Report - Heidi Ellerd, Legal Counsel
 - a. Updates – Records Requests
 - b. Attorney compensation – Heidi Ellerd requested an increase in her hourly rate starting January 2023. She will propose a new fee agreement for the next meeting for consideration.
3. Administrative Report, Salem Thompson, Board Coordinator
 - a. Records update and training opportunity for records officers – A virtual training through the AWPHD is available for information on public hospital district records retention and destruction. Salem and Debbie Clark will attend.

D. Committee Reports/Recommendations

1. Finance Committee – Steve Blodgett, Finance Chair / Nathan Burt
 - a. Acceptance of September financial statements – Overview by Nathan Burt

IT WAS MOVED AND SECONDED TO APPROVE THE SEPTEMBER 2022 FINANCIAL STATEMENTS AND PAYMENTS AND DISBURSEMENTS AS SUBMITTED. ALL IN FAVOR. NO DISCUSSION. MOTION CARRIED.

- b. Approval of payments and disbursements – approved in motion above.
 - c. Treasurer’s Report – Steve Blodgett – See comments above.
 - d. 2021 Audits – update – The draft report has been received and the District sees no corrections to the report.
 - e. Steve stated the finance committee discussed the disposition of the cancer center funds. The desire is to consider depositing those funds in the WA State local government investment fund. Lee and Gary commented that there is a need for an investment policy and resolution in order to do so. Lee will send the draft of the investment policy and resolution language to Heidi for review and presentation at the November commission meeting.
2. Governance Committee Updates – Gary Long
 - a. Commissioner Compensation Policy –

IT WAS MOVED AND SECONDED TO APPROVE THE COMMISSIONER COMPENSATION POLICY AS SUBMITTED. ALL IN FAVOR. NO DISCUSSION. MOTION CARRIED.

- b. Delegation and Authority of Superintendent Policy

IT WAS MOVED AND SECONDED TO APPROVE THE DELEGATION AND AUTHORITY

OF SUPERINTENDENT POLICY AS SUBMITTED. ALL IN FAVOR. NO DISCUSSION.
MOTION CARRIED.

3. Planning Committee – Wanda Briggs

a. Comments and follow up on full commission Strategic Planning Retreat –

Wanda makes mention that Marv Kinney and Dr. Sheila Dunlop will be on the committee to work on ideas from the retreat. The first task is to work with CBC and WSU Nursing programs to discuss scholarship opportunities. The next task will be to meet with Lee Kerr and Steve and/or Rick to discuss options and any impediments in the District becoming more involved with ADS.

At the retreat Mark Brault brought up Project Access and has sent information to Wanda for review. The information will be sent to Salem for distribution to the entire commission.

4. Adult Day Services – General Update: Rick Reil/Steve Blodgett – The deferred maintenance projects on the South building have been completed and were on budget. Repairs on the North building are starting and will be completed weather permitting. Exterior painting may have to wait until spring.

There have been some showings of the property, but no tenants secured.

Financially they are on pace with their budget and are close to pre-Covid census levels.

IV. Executive Session – This was called at 6:05 pm for ten minutes pursuant to RCW 42.30.110(1)(i) regarding litigation.

At 6:05 pm, Commissioner Long called the executive session to order

One member of the public in attendance on Zoom was placed in the virtual waiting room.

At 6:15 pm Gary Long called the regular session to order.

One member of the public in attendance via Zoom was placed back into the open public Zoom session.

IT WAS MOVED AND SECONDED TO AUTHORIZE PAYMENT OF TRIAL FEES TO DR. BAXTER AND/OR DR. ROMAN BY NATHAN BURT AFTER RECEIPT OF INVOICES. AND / OR TO ALLOW LEE KERR TO SIGN ANY SETTLEMENT AGREEMENT FOR THE SAME. ALL IN FAVOR. NO DISCUSSION. MOTION CARRIED.

V. COMMISSIONER COMMENTS

VI. Upcoming items – Attendance at the AWPMD meeting of Districts without hospitals by Commissioners Brault and Briggs and Superintendent Kerr.

VII. BOARD MEETINGS/EVENTS/EDUCATION

Next Regularly Scheduled Board Meeting – Thursday, Nov. 17, 2022 @ 5:00p.m.

Close of Meeting 6:32 pm

Kennewick Public Hospital District

Thursday, Nov. 17, 2022 | Hybrid Meeting

5:00 PM

November Board meeting

AGENDA

I. District Business:

II. Regular Board Meeting Business

A. Approval of Consent Agenda*

B. Public Comment –

III. NEW BUSINESS:

A. Reports

1. Lee Kerr – Superintendent, General Update
2. Legal Report - Heidi Ellerd, Legal Counsel
 - a. Updates
3. Administrative Report, Salem Thompson, Board Coordinator
 - a. DeBit office occupancy update

B. Committee Reports/Recommendations

1. Finance Committee – Steve Blodgett, Finance Chair / Nathan Burt
 - a. Acceptance of Oct. financial statements* – Overview by Nathan Burt
 - b. Approval of payments and disbursements*
 - c. Treasurer’s Report – Steve Blodgett
 - d. 2021 Audits – update
2. Governance Committee Updates – Gary Long
 - a. Resolution 2022-9 Local Government Investment Pool*
 - b. Motion for the KPHD Treasurer as authorized individual for LGIP*
 - c. Attorney compensation and agreement for legal services*
 - d. Contractor agreement for Debbie Clark*
 - e. 2023 Officers
3. Planning Committee – Wanda Briggs
 - a. Ad hoc committee updates
4. Adult Day Services – General Update: Rick Reil/Steve Blodgett

IV. Executive Session –

V. COMMISSIONER COMMENTS

VI. Upcoming items –

VII. BOARD MEETINGS/EVENTS/EDUCATION

Next Regularly Scheduled Board Meeting – Thursday, Dec. 15, 2022 @

5:00p.m.

Close of Meeting

Financials

Management Reports

Kennewick Public Hospital District
For the period ended October 31, 2022

Prepared by

Epic Tax Solutions a Subsidiary of Epic Trust Financial Group

Prepared on

November 8, 2022

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These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them. Additionally, management has chosen to omit formal notes to these interim monthly financial statements. However, district leadership have provided explanations on select accounts below.

Financial Statement Explanation of Terms

The District's Financial documents use bookkeeping and accounting terms and phrases that have the following meanings:

Account 200 Community Care Agreement under the "Cost of Goods Sold" Section—This section represents the accounting software category designated for payments required by the Community Care Agreement to RCCH Trios to provide healthcare services which include charity care, reimbursements and on-going hospital operations.

Account 1020 Health Initiative Fund—Funds held to pursue the acquisition of a Recovery Center facility as well as to pursue other unmet healthcare needs in the District. These funds originated from the sale of Lifepoint's interest in the Tri-City Cancer Center. Lifepoint donated the proceeds of the sale to the District. Lifepoint Health, Inc. owns and operates Trios Hospital.

Account 1040 Worker's Compensation Account—This is a pass-through account with funds received from Trios RCCH to benefit pre-petition employees who are receiving workman's compensation benefits. It is beyond the requirements of the Community Care Agreement and provided by Trios RCCH to benefit prior and continuing employees.

Account 2001 Richmond Trust Account—This is a Legacy Trust with an income interest donated to the District by Mrs. Richmond. Baker Boyer Bank acts as the trustee.

Account 2100 Adult Day Services Loan Account—The District borrowed funds from ADS in mid-2019 to satisfy a long-term debt owed to the Kennewick Liquidation Trust. Principal and interest payments are made quarterly on a 10 year amortization schedule. The amortization schedule was shortened in October 2022 following a large, additional principal payment of \$120,000. The loan is now expected to be paid off in October, 2025.

Account 3000 Auburn Building Account—After the 2018 bankruptcy, the District retained ownership of a building located in the Kennewick Medical Center, which for a time was used as office space. It was listed for sale in 2021 and sold in May 2022.

Statement of Activity With Year to Date

October 2022

	Oct 2022	Jan - Oct, 2022 (YTD)	Total
REVENUE			
100 Property Tax Revenue	494,558.71		1,425,930.84
110 Grant Income			4,999.00
Total Revenue	494,558.71		1,430,929.84
COST OF GOODS SOLD			
200 Community Care Agreement	395,646.97		1,140,770.58
Total Cost of Goods Sold	395,646.97		1,140,770.58
GROSS PROFIT	98,911.74		290,159.26
EXPENDITURES			
305 Bank Fees	428.92		3,871.65
315 Commissioner Mtg Stipend	2,304.00		29,696.80
320 Facilities Expense			
321 Building Association Dues			1,834.97
322 Rent Expense	1,280.06		1,721.73
323 Utilities	45.00		1,947.77
325 Repairs and Maintenance			220.91
Total 320 Facilities Expense	1,325.06		5,725.38
326 Insurance			13,703.00
330 Legal and Professional			
331 Attorney Fees	1,746.27		9,223.02
332 Accounting	1,457.00		14,570.00
333 Audit Expense			9,000.00
335 Administrative Support	2,500.00		24,700.00
336 Other Professional Fees	2,273.23		9,856.54
Total 330 Legal and Professional	7,976.50		67,349.56
339 Licenses and Taxes			64.85
340 Office Expenses	287.74		3,240.48
342 Public Records Request	1,953.00		20,950.40
343 Records Management	275.00		3,225.00
360 Superintendent Compensation	3,300.00		32,100.00
365 Supplies	14.78		14.78
Total Expenditures	17,865.00		179,941.90
NET OPERATING REVENUE	81,046.74		110,217.36
OTHER REVENUE			
900 Richmond Trust Income	2,921.44		10,403.31
930 Gain on Disposal of Assets			123,049.34
950 Worker's Comp Reimbursements	24,158.51		133,548.19
960 Interest and Dividend Income	1.21		18.27
Total Other Revenue	27,081.16		267,019.11
OTHER EXPENDITURES			
800 Workers Comp Claims Paid	23,307.31		134,155.75

		Total
	Oct 2022	Jan - Oct, 2022 (YTD)
810 Interest Expense	3,177.34	14,715.76
Total Other Expenditures	26,484.65	148,871.51
NET OTHER REVENUE	596.51	118,147.60
NET REVENUE	\$81,643.25	\$228,364.96

Statement of Financial Position

As of October 31, 2022

	Total
ASSETS	
Current Assets	
Bank Accounts	
1010 US Bank Checking 4037	621,320.72
1020 Health Initiative Reserves 2765	341,000.00
Restricted Fund	341,000.00
Total 1020 Health Initiative Reserves 2765	682,000.00
1030 Restricted - US Bank 6221	100.00
1040 Key Bank Worker's Comp	13,725.44
Total Bank Accounts	1,317,146.16
Other Current Assets	
1105 Tax Receivable	705.00
Total Other Current Assets	705.00
Total Current Assets	1,317,851.16
Other Assets	
2001 Richmond Trust (Restricted)	710,231.38
Total Other Assets	710,231.38
TOTAL ASSETS	\$2,028,082.54
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2020 Accounts Payable	401,951.30
2021 AP - ADS	3,240.00
Total Accounts Payable	405,191.30
Credit Cards	
2024 U.S. Bank CC (4195)	522.52
Total Credit Cards	522.52
Total Current Liabilities	405,713.82
Long-Term Liabilities	
2100 Loan from ADS	110,174.19
Total Long-Term Liabilities	110,174.19
Total Liabilities	515,888.01
Equity	
3001 Net Assets	291,809.57
3200 Net Position	992,020.00
Net Revenue	228,364.96
Total Equity	1,512,194.53
TOTAL LIABILITIES AND EQUITY	\$2,028,082.54

Statement of Cash Flows - Last Month

October 2022

	Total
OPERATING ACTIVITIES	
Net Revenue	81,643.25
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
2020 Accounts Payable	366,128.19
2024 U.S. Bank CC (4195)	348.58
2021.50 Current Portion ADS Loan Payable	-25,482.00
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	340,994.77
Net cash provided by operating activities	422,638.02
FINANCING ACTIVITIES	
2100 Loan from ADS	-102,313.27
Net cash provided by financing activities	-102,313.27
NET CASH INCREASE FOR PERIOD	320,324.75
Cash at beginning of period	996,821.41
CASH AT END OF PERIOD	\$1,317,146.16

Kennewick Public Hospital District

Check Detail

October 2022

DATE	NAME	MEMO/DESCRIPTION	AMOUNT
1010 US Bank Checking 4037			
10/03/2022	Kuffel, Hultgrenn, Klashke, Shea & Ellerd		-1,832.25
			-1,832.25
10/03/2022	Adult Day Services		-10,972.61
			-10,972.61
10/03/2022	Adult Day Services	Voided	0.00
			0.00
10/03/2022	Adult Day Services		-120,000.00
			-120,000.00
10/06/2022	EFT Payments (See Detailed List)	ACH Debit(s)	-8,379.00
		Debbie Clark	275.00
		M. Kinney, G. Long, S. Blodgett, M. Brault	2,304.00
		S. Snowdy	2,500.00
		L. Kerr	3,300.00
10/11/2022	Trios Health - V		-33,990.86
			-33,990.86
10/11/2022	Advantage IT		-773.23
			-773.23
10/11/2022	U.S.Bank CC (4195)	Acct. # 4798 5312 2235 4195	-173.94
		October 2022 Statement	-173.94
10/17/2022	Epic Tax Solutions	ACH Debit(s)	-1,457.00
		ACH Debit(s)	1,457.00
10/17/2022	US Bank	Miscellaneous Fee(s)	-90.48
		Miscellaneous Fee(s)	90.48
1040 Key Bank Worker's Comp			
10/31/2022			-23,307.31
			23,307.31
10/31/2022	KeyBank		-338.44
			338.44

Contractor Payment Register Report

Kennewick Public Hospital District



Pay Period From 09/01/2022 to 09/30/2022, Pay Date: 10/11/2022, Payment # 16

#	Contractor Name	Compensation	Federal Tax	YTD	State Tax	YTD	Reimbursement	Deductions	Net pay	Check #
1	Steve Blodgett	768.00	0.00	0.00	0.00	0.00		0.00	768.00	DD
9	Mark C Brault	768.00	0.00	0.00	0.00	0.00		0.00	768.00	DD
11	Debra L Clark	275.00	0.00	0.00	0.00	0.00		0.00	275.00	DD
3	Leland Kerr	3,300.00	0.00	0.00	0.00	0.00		0.00	3,300.00	DD
4	Marv Kinney	128.00	0.00	0.00	0.00	0.00		0.00	128.00	DD
5	Gary Long	640.00	0.00	0.00	0.00	0.00		0.00	640.00	DD
8	Salem Snowdy	2,500.00	0.00	0.00	0.00	0.00		0.00	2,500.00	DD
Payment Totals :		8,379.00	0.00	0.00	0.00	0.00	0.00	0.00	8,379.00	

Policies / Resolutions

**KENNEWICK PUBLIC HOSPITAL DISTRICT
BENTON COUNTY, WASHINGTON**

RESOLUTION NO. 2022-9

A resolution of the Commission of Kennewick Public Hospital District, Benton County, Washington (the "District"), authorizing investment of District monies in the Local Government Investment Pool

WHEREAS, pursuant to Chapter 294, Laws of 1986, the Legislature created a trust fund to be known as the public funds investment account (commonly referred to as the Local Government Investment Pool (LGIP)) for the contribution and withdrawal of money by an authorized governmental entity for purposes of investment by the Office of the State Treasurer; and

WHEREAS, from time to time it may be advantageous to the authorized governmental entity, Kennewick Public Hospital District, the "governmental entity", to contribute funds available for investment in the LGIP; and

WHEREAS, the investment strategy for the LGIP is set forth in its policies and procedures; and

WHEREAS, any contributions or withdrawals to or from the LGIP made on behalf of the governmental entity shall be first duly authorized by the Board of Commissioners, the "governing body" or any designee of the governing body pursuant to this resolution, or a subsequent resolution; and

WHEREAS the governmental entity will cause to be filed a certified copy of said resolution with the Office of the State Treasurer; and

WHEREAS the governing body and any designee appointed by the governing body with authority to contribute or withdraw funds of the governmental entity has received and read a copy of the prospectus and understands the risks and limitations of investing in the LGIP; and

WHEREAS, the governing body attests by the signature of its members that it is duly authorized and empowered to enter into this agreement, to direct the contribution or withdrawal of governmental entity monies, and to delegate certain authority to make adjustments to the incorporated transactional forms, to the individuals designated herein.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF KENNEWICK PUBLIC HOSPITAL DISTRICT, BENTON COUNTY, WASHINGTON that the governing body does hereby authorize the contribution and withdrawal of governmental entity monies in the LGIP in the manner prescribed by law, rule, and prospectus.

BE IT FURTHER RESOLVED that the governing body has approved the Local Government Investment Pool Transaction Authorization Form (Form) as completed by _____ and incorporates said form into this resolution by reference and does hereby attest to its accuracy.

BE IT FURTHER RESOLVED that the governmental entity designates the President of the Board of Commissioners of Kennewick Public Hospital District the "authorized individual" to authorize all amendments, changes, or alterations to the Form or any other documentation including the designation of other individuals to make contributions and withdrawals on behalf of the governmental entity.

BE IT FURTHER RESOLVED that this delegation ends upon the written notice, by any method set forth in the prospectus, of the governing body that the authorized individual has been terminated or that his or her delegation has been revoked. The Office of the State Treasurer will rely solely on the governing body to provide notice of such revocation and is entitled to rely on the authorized individual's instructions until such time as said notice has been provided.

BE IT FURTHER RESOLVED that the Form as incorporated into this resolution or hereafter amended by delegated authority, or any other documentation signed or otherwise approved by the authorized individual shall remain in effect after revocation of the authorized individual's delegated authority, except to the extent that the authorized individual whose delegation has been terminated shall not be permitted to make further withdrawals or contributions to the LGIP on behalf of the governmental entity. No amendments, changes, or alterations shall be made to the Form or any other documentation until the entity passes a new resolution naming a new authorized individual; and

BE IT FURTHER RESOLVED that the governing body acknowledges that it has received, read, and understood the prospectus as provided by the Office of the State Treasurer. In addition, the governing body agrees that a copy of the prospectus will be provided to any person delegated or otherwise authorized to make contributions or withdrawals into or out of the LGIP and that said individuals will be required to read the prospectus prior to making any withdrawals or contributions or any further withdrawals or contributions if authorizations are already in place.

ADOPTED AND APPROVED by the Commission of Kennewick Public Hospital District, Benton County, Washington at a special, open public meeting thereof, held this _____ day of No _____, 2022.

**KENNEWICK PUBLIC HOSPITAL DISTRICT
BENTON COUNTY, WASHINGTON**

Gary Long, President & Commissioner

Steve Blodgett, Secretary, Treasurer & Commissioner

Marv Kinney, Commissioner

Richard L. Reil, Commissioner

Wanda L. Briggs, Commissioner

Sheila Dunlop, Commissioner

Mark Brault, Vice President & Commissioner

PROSPECTUS

LOCAL GOVERNMENT INVESTMENT POOL

OFFICE OF THE WASHINGTON STATE TREASURER

JANUARY 2019



MIKE PELLICCIOTTI
WASHINGTON STATE TREASURER

Contents

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I. The LGIP

The Local Government Investment Pool (the “LGIP”) is an investment pool of public funds placed in the custody of the Office of the Washington State Treasurer (the “State Treasurer”) for investment and reinvestment as defined by RCW 43.250.020. The purpose of the LGIP is to allow eligible governmental entities to participate with the state in the investment of surplus public funds, in a manner that optimizes liquidity and return on such funds. In establishing the LGIP, the legislature recognized that not all eligible governmental entities are able to maximize the return on their temporary surplus funds, and therefore it provided a mechanism whereby they may, at their option, utilize the resources of the State Treasurer to maximize the potential of their surplus funds while ensuring the liquidity of those funds.

The State Treasurer has established a sub-pool within the LGIP whose shares are offered by means of this Prospectus: The LGIP-Money Market Fund (the “LGIP-MMF” or the “Fund”). The State Treasurer has the authority to establish additional sub-pools in the future.

The Fund offered in this Prospectus seeks to provide current income by investing in high-quality, short term money market instruments. These standards are specific to the Fund, as illustrated in the following table. The LGIP-MMF offers daily contributions and withdrawals.

FUND SNAPSHOT

The table below provides a summary comparison of the Fund’s investment types and sensitivity to interest rate risk. This current snapshot can be expected to vary over time.

Fund	Investment Types	Maximum Dollar-Weighted Average Maturity for LGIP-MMF
LGIP-Money Market Fund	Cash	60 days
Current Investments (as of January 1, 2019)	Bank Deposits US Treasury bills US Government Agency Supranational Securities Floating / Variable Rate Notes Repurchase agreements	

Fees and Expenses

Administrative Fee. The State Treasurer charges pool participants a fee representing administration and recovery costs associated with the operation of the Fund. The administrative fee accrues daily from pool participants’ earnings prior to the earnings being posted to their account. The administrative fee will be paid monthly. In the event that there are no earnings, the administrative fee will be deducted from principal.

The chart below illustrates the operating expenses of the LGIP-MMF for past years, expressed in basis points as a percentage of fund assets.

**Local Government Investment Pool-MMF
Operating Expenses by Fiscal Year (in Basis Points)**

	2011	2012	2013	2014	2015	2016	2017	2018
<i>Total Operating Expenses</i>	<i>0.81</i>	<i>0.68</i>	<i>0.87</i>	<i>0.88</i>	<i>0.95</i>	<i>0.89</i>	<i>0.71</i>	<i>0.76</i>

(1 basis point = 0.01%)

Because most of the expenses of the LGIP-MMF are fixed costs, the fee (expressed as a percentage of fund assets) will be affected by: (i) the amount of operating expenses; and (ii) the assets of the LGIP-MMF. The table below shows how the fee (expressed as a percentage of fund assets) would change as the fund assets change, assuming an annual fund operating expenses amount of \$1,100,000.

Fund Assets	\$12.0 bn	\$14.0 bn	\$16.0 bn
Total Operating Expenses (in Basis Points)	0.92	0.79	0.69

Portfolio Turnover: The Fund does not pay a commission or fee when it buys or sells securities (or “turns over” its portfolio). However, debt securities often trade with a bid/ask spread. Consequently, a higher portfolio turnover rate may generate higher transaction costs that could affect the Fund’s performance.

II. Local Government Investment Pool – Money Market Fund

Investment Objective

The LGIP-MMF will seek to effectively maximize yield while maintaining liquidity and a stable net asset value per share, e.g., all contributions will be transacted at \$1.00 net asset value per share.

Principal Investment Strategies

The LGIP-MMF will seek to invest primarily in high-quality, short term money market instruments. Typically, at least 55% of the Fund’s assets will be invested in US government securities and repurchase agreements collateralized by those securities. The LGIP-MMF means a sub-pool of the LGIP whose investments will primarily be money market instruments. The LGIP-MMF will only invest in eligible investments permitted by state law. The LGIP portfolio will be managed to meet the portfolio maturity, quality, diversification and liquidity requirements set forth in GASB 79 for external investment pools who wish to measure, for financial reporting purposes, all of their investments at amortized cost. Investments of the LGIP-MMF will conform to the LGIP Investment Policy, the most recent version of which will be posted on the LGIP website and will be available upon request.

Principal Risks of Investing in the LGIP-Money Market Fund

Counterparty Credit Risk. A party to a transaction involving the Fund may fail to meet its obligations. This could cause the Fund to lose the benefit of the transaction or prevent the Fund from selling or buying other securities to implement its investment strategies.

Interest Rate Risk. The LGIP-MMF’s income may decline when interest rates fall. Because the Fund’s income is based on short-term interest rates, which can fluctuate significantly over short periods, income risk is expected to be high. In addition, interest rate increases can cause the price of a debt security to decrease and even lead to a loss of principal.

Liquidity Risk. Liquidity risk is the risk that the Fund will experience significant net withdrawals of Fund shares at a time when it cannot find willing buyers for its portfolio securities or can only sell its portfolio securities at a material loss.

Management Risk. Poor security selection or an ineffective investment strategy could cause the LGIP-MMF to underperform relevant benchmarks or other funds with a similar investment objective.

Issuer Risk. The LGIP-MMF is subject to the risk that debt issuers and other counterparties may not honor their obligations. Changes in an issuer's credit rating (e.g., a rating downgrade) or the market's perception of an issuer's creditworthiness could also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation. Also, a decline in the credit quality of an issuer can cause the price of a money market security to decrease.

Securities Lending Risk and Reverse Repurchase Agreement Risk. The LGIP-MMF may engage in securities lending or in reverse repurchase agreements. Securities lending and reverse repurchase agreements involve the risk that the Fund may lose money because the borrower of the Fund's securities fails to return the securities in a timely manner or at all or the Fund's lending agent defaults on its obligations to indemnify the Fund, or such obligations prove unenforceable. The Fund could also lose money in the event of a decline in the value of the collateral provided for loaned securities or a decline in the value of any investments made with cash collateral.

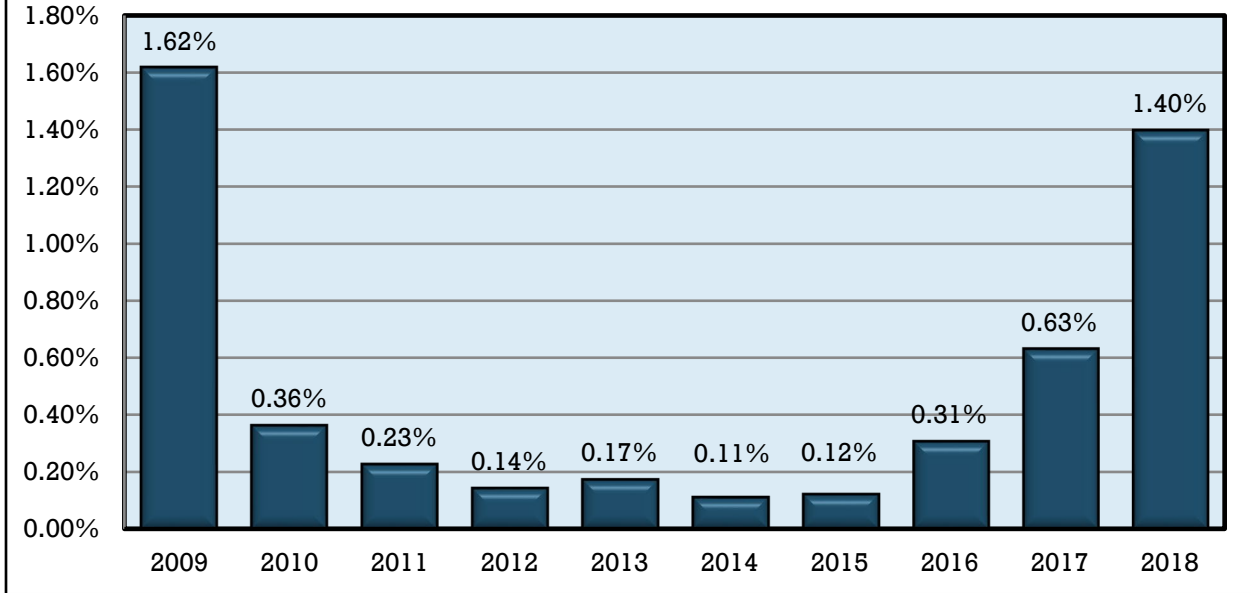
Risks Associated with use of Amortized Cost. The use of amortized cost valuation means that the LGIP-MMF's share price may vary from its market value NAV per share. In the unlikely event that the State Treasurer were to determine that the extent of the deviation between the Fund's amortized cost per share and its market-based NAV per share may result in material dilution or other unfair results to shareholders, the State Treasurer may cause the Fund to take such action as it deems appropriate to eliminate or reduce to the extent practicable such dilution or unfair results.

An investment in the LGIP-MMF is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of investments at \$1 per share, pool participants could lose money by investing in the LGIP-MMF. There is no assurance that the LGIP-MMF will achieve its investment objective.

Performance

The following information is intended to address the risks of investing in the LGIP-MMF. The information illustrates changes in the performance of the LGIP-MMF's shares from year to year. Returns are based on past results and are not an indication of future performance. Updated performance information may be obtained on our website at www.tre.wa.gov or by calling the LGIP toll-free at 800-331-3284.

**Fiscal Year-by-Year Returns: Net Yield
Local Government Investment Pool**



<u>Local Government Investment Pool-Money Market Fund</u>			
<u>Average Accrued Net Yield</u>			
<u>1 Year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
1.40%	0.78%	0.51%	.51%

Transactions: LGIP-MMF

General Information

The minimum transaction size (contributions or withdrawals) for the LGIP-MMF will be five thousand dollars. The State Treasurer may, in its sole discretion, allow for transactions of less than five thousand dollars.

Valuing Shares

The LGIP-MMF will be operated using a net asset value (NAV) calculation based on the amortized cost of all securities held such that the securities will be valued at their acquisition cost, plus accrued income, amortized daily.

The Fund’s NAV will be the value of a single share. NAV will normally be calculated as of the close of business of the NYSE, usually 4:00 p.m. Eastern time. If the NYSE is closed on a particular day, the Fund will be priced on the next day the NYSE is open.

NAV will not be calculated and the Fund will not process contributions and withdrawals submitted on days when the Fund is not open for business. The time at which shares are priced and until which contributions and withdrawals are accepted is specified below and may be changed as permitted by the State Treasurer.

To the extent that the LGIP-MMF's assets are traded in other markets on days when the Fund is not open for business, the value of the Fund's assets may be affected on those days. In addition, trading in some of the Fund's assets may not occur on days when the Fund is open for business.

Transaction Limitations

The State Treasurer reserves the right at its sole discretion to set a minimum and/or maximum transaction amount from the LGIP-MMF and to limit the number of transactions, whether contribution, withdrawal, or transfer permitted in a day or any other given period of time.

The State Treasurer also reserves the right at its sole discretion to reject any proposed contribution, and in particular to reject any proposed contribution made by a pool participant engaged in behavior deemed by the State Treasurer to be abusive of the LGIP-MMF.

A pool participant may transfer funds from one LGIP-MMF account to another subject to the same time and contribution limits as set forth in WAC 210.10.060.

Contributions deposited by ACH will be unavailable for withdrawal for a period of five business days following receipt of funds

Contributions

Pool participants may make contributions to the LGIP-MMF on any business day. All contributions will be effected by electronic funds to the account of the LGIP-MMF designated by the State Treasurer. It is the responsibility of each pool participant to pay any bank charges associated with such electronic transfers. Failure to submit funds by a pool participant after notification to the State Treasurer of an intended transfer will result in penalties. Penalties for failure to timely submit will be assessed to the account of the pool participant responsible.

Notice of Wire contribution. To ensure same day credit, a pool participant must inform the State Treasurer of any contribution over one million dollars no later than 9 a.m. on the same day the contribution is made. Contributions for one million dollars or less can be requested at any time prior to 10 a.m. on the day of contribution. For all other contributions over one million dollars that are requested prior to 10 a.m., a pool participant may receive same day credit at the sole discretion of the State Treasurer. Contributions that receive same day credit will count, for earnings rate purposes, as of the day in which the contribution was made. Contributions for which no notice is received prior to 10:00 a.m. will be credited as of the following business day.

Notice of ACH contribution. A pool participant must inform the State Treasurer of any contribution submitted through ACH no later than 2:00 p.m. on the business day before the contribution is made. Contributions that receive same day credit will count, for earnings rate purposes, as of the day in which the contribution was made. Contributions for which proper notice is not received as described above will not receive same day credit, but will be credited as of the next business day from when the contribution is made. Contributions deposited by ACH will be unavailable for withdrawal for a period of five business days following receipt of funds.

Notice of contributions may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to State Treasurer's Treasury Management System ("TMS"). Please refer to the [LGIP-MMF Operations Manual](#) for specific instructions regarding contributions to the LGIP-MMF.

Direct deposits from the State of Washington will be credited on the same business day.

Pricing. Contribution requests received in good order will receive the NAV per unit of the LGIP-MMF next determined after the order is accepted by the State Treasurer on that contribution date.

Withdrawals

Pool participants may withdraw funds from the LGIP-MMF on any business day. Each pool participant shall file with the State Treasurer a letter designating the financial institution at which funds withdrawn from the LGIP-MMF shall be deposited (the "Letter"). This Letter shall contain the name of the financial institution, the location of the financial institution, the account name, and the account number to which funds will be deposited. This Letter shall be signed by local officials authorized to receive and disburse funds, as described in WAC 210-10-020.

Disbursements from the LGIP-MMF will be effected by electronic funds transfer. Failure by the State Treasurer to transmit funds to a pool participant after proper notification to the State Treasurer to disburse funds to a pool participant may result in a bank overdraft in the pool participant's bank account. The State Treasurer will reimburse a pool participant for such bank overdraft penalties charged to the pool participant's bank account.

Notice of Wire withdrawal. In order to withdraw funds from the LGIP-MMF, a pool participant must notify the State Treasurer of any withdrawal over one million dollars no later than 9 a.m. on the same day the withdrawal is made. Withdrawals for one million dollars or less can be requested at any time prior to 10 a.m. on the day of withdrawal. For all other withdrawals from the LGIP-MMF over one million dollars that are requested prior to 10 a.m., a pool participant may receive such withdrawal on the same day it is requested at the sole discretion of the State Treasurer. No earnings will be credited on the date of withdrawal for the amounts withdrawn. Notice of withdrawals may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to TMS. Please refer to the LGIP-MMF Operations Manual for specific instructions regarding withdrawals from the Fund.

Notice of ACH withdrawal. In order to withdraw funds from the LGIP-MMF, a pool participant must notify the State Treasurer of any withdrawal by ACH no later than 2 p.m. on the prior business day the withdrawal is requested. No earnings will be credited on the date of withdrawal for the amounts withdrawn.

Notice of withdrawals may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to TMS. Please refer to the LGIP-MMF Operations Manual for specific instructions regarding withdrawals from the Fund.

Pricing. Withdrawal requests with respect to the LGIP-MMF received in good order will receive the NAV per unit of the LGIP-MMF next determined after the order is accepted by the State Treasurer on that withdrawal date.

Suspension of Withdrawals. If the State Treasurer has determined that the deviation between the Fund's amortized cost price per share and the current net asset value per share calculated using available market quotations (or an appropriate substitute that reflects current market conditions) may result in material dilution or other unfair results, the State Treasurer may, if it has determined irrevocably to liquidate the Fund, suspend withdrawals and payments of withdrawal proceeds in order to facilitate the permanent termination of the Fund in an orderly manner. The State Treasurer will distribute proceeds in liquidation as soon as practicable, subject to the possibility that certain assets may be illiquid, and subject to subsequent distribution, and the possibility that the State Treasurer may need to hold back a reserve to pay expenses.

The State Treasurer also may suspend redemptions if the New York Stock Exchange suspends trading or closes, if US bond markets are closed, or if the Securities and Exchange Commission declares an emergency. If any of these events were to occur, it would likely result in a delay in the pool participants' redemption proceeds.

The State Treasurer will notify pool participants within five business days of making a determination to suspend withdrawals and/or irrevocably liquidate the fund and the reason for such action.

Earnings and Distribution

LGIP-MMF Daily Factor

The LGIP-MMF daily factor is a net earnings figure that is calculated daily using the investment income earned (excluding realized gains or losses) each day, assuming daily amortization and/or accretion of income of all fixed income securities held by the Fund, less the administrative fee. The daily factor is reported on an annualized 7-day basis, using the daily factors from the previous 7 calendar days. The reporting of a 7-day annualized yield based solely on investment income which excludes realized gains or losses is an industry standard practice that allows for the fair comparison of funds that seek to maintain a constant NAV of \$1.00.

LGIP-MMF Actual Yield Factor

The LGIP-MMF actual yield factor is a net daily earnings figure that is calculated using the total net earnings including realized gains and losses occurring each day, less the administrative fee.

Dividends

The LGIP-MMF's dividends include any net realized capital gains or losses, as well as any other capital changes other than investment income, and are declared daily and distributed monthly.

Distribution

The total net earnings of the LGIP-MMF will be declared daily and paid monthly to each pool participant's account in which the income was earned on a per-share basis. These funds will remain in the pool and earn additional interest unless withdrawn and sent to the pool participant's designated bank account as specified on the Authorization Form. Interest earned will be distributed monthly on the first business day of the following month.

Monthly Statements and Reporting

On the first business day of every calendar month, each pool participant will be sent a monthly statement which includes the pool participant's beginning balance, contributions, withdrawals, transfers, administrative charges, earnings rate, earnings, and ending balance for the preceding calendar month. Also included with the statement will be the monthly enclosure. This report will contain information regarding the maturity structure of the portfolio and balances broken down by security type.

III. Management

The State Treasurer is the manager of the LGIP-MMF and has overall responsibility for the general management and administration of the Fund. The State Treasurer has the authority to offer additional sub-pools within the LGIP at such times as the State Treasurer deems appropriate in its sole discretion.

Administrator and Transfer Agent. The State Treasurer will serve as the administrator and transfer agent for the Fund.

Custodian. A custodian for the Fund will be appointed in accordance with the terms of the LGIP Investment Policy.

IV. Miscellaneous

Limitation of Liability

All persons extending credit to, contracting with or having any claim against the Fund offered in this Prospectus shall look only to the assets of the Fund that such person extended credit to, contracted with or has a claim against, and none of (i) the State Treasurer, (ii) any subsequent sub-pool, (iii) any pool participant, (iv) the LGIP, or (v) the State Treasurer's officers, employees or agents (whether past, present or future), shall be liable therefor. The determination of the State Treasurer that assets, debts, liabilities, obligations, or expenses are allocable to the Fund shall be binding on all pool participants and on any person extending credit to or contracting with or having any claim against the LGIP or the Fund offered in this Prospectus. There is a remote risk that a court may not enforce these limitation of liability provisions.

Amendments

This Prospectus and the attached Investment Policy may be amended from time to time. Pool participants shall receive notice of changes to the Prospectus and the Investment Policy. The amended and restated documents will be posted on the State Treasurer website: www.tre.wa.gov.

Should the State Treasurer deem appropriate to offer additional sub-pools within the LGIP, said sub-pools will be offered by means of an amendment to this prospectus.

LGIP-MMF Contact Information

Internet: www.tre.wa.gov Treasury Management System/TMS

Phone: 1-800-331-3284 (within Washington State)

Mail: Office of the State Treasurer
Local Government Investment Pool
PO Box 40200
Olympia, Washington 98504
FAX: 360-902-9044

Operations Manual

LOCAL GOVERNMENT INVESTMENT POOL

OFFICE OF THE WASHINGTON STATE TREASURER

August 2019



DUANE A. DAVIDSON
WASHINGTON STATE TREASURER



DUANE A. DAVIDSON
State Treasurer

State of Washington
Office of the State Treasurer

Dear Local Government Official:

The Washington State Local Government Investment Pool was created by Chapter 294, Laws of 1986. Since its inception, over 500 local governments in Washington have participated in the pool.

This booklet was designed to describe the process by which local governments may join with the State and take advantage of a valuable tool for the management of public funds. It contains an introduction to the Local Government Investment Pool (LGIP), forms with which to join, common questions, and instructions for enrolling and utilizing the pool.

In developing the LGIP, the State Treasurer provides an investment vehicle that will allow pool participants flexibility in managing their funds while providing the maximum amount of security for their investments, as well as a competitive rate of return.

We hope that you will find the LGIP an appealing investment alternative for your governmental entity. If you have any questions concerning information in this booklet or the operation of the LGIP, do not hesitate to call us at (800) 331-3284.

Sincerely,

Duane A. Davidson
State Treasurer

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INTRODUCTION TO THE LOCAL GOVERNMENT INVESTMENT POOL

The Local Government Investment Pool was authorized by Chapter 294, Laws of 1986. In part, this legislation states: "The purpose of this chapter is to enable political subdivisions to participate with the state in providing maximum opportunities for the investment of surplus funds consistent with the safety and protection of such funds. The legislature finds and declares that the public interest is found in providing maximum prudent investment of surplus funds, thereby reducing the need for additional taxation. The legislature also recognizes that not all political subdivisions are able to maximize the return on their temporary surplus funds. The legislature therefore provides in this chapter a mechanism whereby political subdivisions may, at their option, utilize the resources of the State Treasurer's Office to maximize the potential of surplus funds while ensuring the safety of public funds."

The impetus for this legislation came from a number of bankruptcies that occurred involving various government bond dealers. Public funds were lost when it was discovered that the investments public treasurers had thought they had purchased did not actually exist. As a result of losses in this state as well as others, the State Auditor now requires a much more stringent handling of investment transactions by public funds managers. As a result, the additional investment requirements caused a major increase in the expense of managing public funds, particularly for those entities with relatively small amounts of funds to invest.

The idea of a Local Government Investment Pool (LGIP) was developed in order to allow all public entities to continue to manage their funds in a manner that would allow them to maximize the yield on their investments while meeting the safety requirements for the funds. Local investment pools are currently operating in states. They have been highly successful endeavors that have afforded their participants a flexible investment vehicle with which to manage the funds in their custody.

COMMON QUESTIONS & ANSWERS

- Q:** Do I need to notify the LGIP of a deposit as well as a withdrawal?
- A:** Yes. The LGIP needs to know how much money is available for daily investment. If money is deposited and the LGIP is not notified, those funds will not be invested on the day of deposit and the Pool participant will not receive same-day credit.
- Q:** Is there a minimum transaction size?
- A:** Yes. Five thousand dollars (\$5,000) is the minimum transaction size for both deposits and withdrawals (WAC 210-01-060).
- Q:** Is there a maximum transaction size?
- A:** No. However, to more accurately project our daily cash flows, we would like to be notified of a deposit or withdrawal of ten million dollars (\$10,000,000) or more at least a day prior to transfer.
- Q:** When do the interest earnings post to the account?
- A:** Interest earned will be distributed monthly on the first business day of the following month.
- Q:** Can I have funds that I request for withdrawal sent to a different bank account other than the one I originally set up with the LGIP, even if this is a onetime circumstance.
- A:** No. For your protection, funds may only be transmitted to the bank account designated on the Authorization Form. Changes to the participant's bank information must be made in writing to the Office of the State Treasurer (see Appendix, Authorization Form).
- Q:** Is there a limit to the number of transactions I can do in any one day?
- A:** Each pool participant is limited to ONE transaction per business day (see Appendix, WAC 210-01-070).
- Q:** How long can I leave my funds in the LGIP?
- A:** There is no set maturity date on funds in the LGIP. You may leave your funds on deposit with the pool for one day, one month, or any length of time appropriate to your cash flow needs.
- Q:** Can I enter transactions online?
- A:** Yes. Authorized persons can enter deposits and withdrawals over the Internet using the Treasury Management System (TM\$). TM\$ also allows participants to view statements, reports, and account information.

These are only a few of the common questions about the pool. If you have other questions, call the LGIP at (800) 331-3284.

PARTICIPATION SPECIFICATIONS

ORDINANCE/RESOLUTION/ACKNOWLEDGEMENT OF INVESTMENT

Every municipality choosing to utilize the LGIP must file a certified copy of an ordinance/resolution/acknowledgement of investment containing:

- Name and address of the entity;
- A statement that the entity agrees to deposit or withdraw funds with the Local Government Investment Pool in accordance with the provisions of the Washington Administrative Code (WAC); and,
- The titles of the officials who have the authority to delegate the deposit and withdrawal of funds with the Local Government Investment Pool.

TRANSACTION LIMITATION

The minimum transaction size is \$5,000 for deposits AND withdrawals.

NOTIFICATION OF LARGE DEPOSITS/WITHDRAWALS

There is no formal maximum transaction size; however, to more accurately project daily cash flows, please notify the LGIP of a deposit or withdrawal of ten million dollars (\$10,000,000) or more at least a day prior to transfer.

STEPS FOR DEPOSITING FUNDS BY WIRE

1. Call the Local Government Investment Pool (800-331-3284) OR log on to TM\$ on the days prior to deposit or the day of deposit. If requesting the transaction on the day of deposit, the following restrictions apply:
2. To ensure same day credit, a pool participant must inform the office of the state treasurer of any deposit over one million dollars no later than 9 a.m. on the same day the deposit is made. Deposits for one million dollars or less can be requested at any time prior to 10 a.m. on the day of deposit.
 - a. For all other deposits over one million dollars that are requested prior to 10 a.m., a pool participant may receive same day credit at the discretion of the office of the state treasurer, taking into account when notification is received, the amount of the deposit, or any other factor that may affect the office of the state treasurer's ability to accommodate the requested deposit.
 - b. All deposits will made by electronic funds transfer to an account designated by the state treasurer. It is the responsibility of each pool participant to pay any bank charges associated with such electronic transfers.
3. Failure to wire funds by a pool participant (after notification to the state

treasurer of an intended transfer) will result in a bank overdraft in the state treasurer's bank account. Bank penalties for overdrafts will be assessed to those pool participants responsible for the overdraft.

4. For wire instructions, please call 1-800-331-3284.

STEPS FOR WITHDRAWING FUNDS BY WIRE

1. Call the Local Government Investment Pool (**800-331-3284**) OR log on to TM\$ on the days prior to, or on the day of, withdrawing funds. If requesting the transaction on the day of withdrawal, the following restrictions apply:
2. A pool participant, in order to withdraw funds from the pool, must notify the office of the state treasurer of any withdrawal over one million dollars no later than 9 a.m. on the same day the withdrawal is made. Withdrawals for one million dollars or less can be requested at any time prior to 10 a.m. on the day of withdrawal.
 - a. For all other withdrawals over one million dollars that are requested prior to 10 a.m., a pool participant may receive such withdrawal on the same day it is requested at the discretion of the office of the state treasurer, taking into account when the request is received, the amount of the requested withdrawal, or any other factor that may affect the office of the state treasurer's ability to accommodate the requested withdrawal.
 - b. Each local government entity participating in the pool shall file with the state treasurer a letter designating the financial institution at which funds withdrawn from the pool shall be deposited. This letter shall contain the name of the financial institution, location of the financial institution, account number to which funds will be deposited and account name. This letter shall be signed by local officials authorized to receive and disburse funds, as described in WAC 210-01-030. Disbursements from the pool will be by electronic funds transfer.
3. Failure of the state treasurer to wire funds to a pool participant (after proper notification to the state treasurer to disburse funds to a pool participant) may result in a bank overdraft in the pool participant's bank account. The state treasurer will reimburse pool participants for such bank overdraft penalties charged to the pool participant's bank account.
4. The LGIP will transfer the funds to the bank account specified on the Authorization Form. For your protection, funds may only be wired to this designated account.

STEPS FOR DEPOSITING FUNDS BY ACH

1. Call the Local Government Investment Pool (800-331-3284) OR log on to TM\$ on the business days prior to deposit.
2. To ensure next day credit, a pool participant must notify the office of the state treasurer of any deposit no later than 2 p.m. on the banking day before the deposit is made.
3. All deposits will be made by ACH to an account designated by the state treasurer. It is the responsibility of each pool participant to pay any bank charges associated with such ACH transaction.
4. Failure to ACH funds by a pool participant (after notification to the state treasurer of an intended transfer) will result in a bank overdraft in the state treasurer's bank account. Bank penalties for overdrafts will be assessed to those pool participants responsible for the overdraft.
5. For LGIP ACH account information, please call 1-800-331-3284

STEPS FOR WITHDRAWING FUNDS BY ACH

1. Call the Local Government Investment Pool (800-331-3284) OR log on to TM\$ on the banking days prior to withdrawing funds.
2. A pool participant, in order to withdraw funds from the pool, must notify the office of the state treasurer of any withdrawal no later than 2 p.m. on the banking day before the withdrawal is requested.
3. Each local government entity participating in the pool shall file with the state treasurer a letter designating for ACH transaction the financial institution at which funds withdrawn from the pool shall be deposited. This letter shall contain the name of the financial institution, location of the financial institution, account number to which funds will be deposited and account name. This letter shall be signed by local officials authorized to receive and disburse funds, as described in WAC 210-01-030. Disbursements from the pool will be by ACH transmission.
4. Failure of the state treasurer to ACH funds to a pool participant (after proper notification to the state treasurer to disburse funds to a pool participant) may result in a bank overdraft in the pool participant's bank account. The state treasurer will reimburse pool participants for such bank overdraft penalties charged to the pool participant's bank account.
5. The LGIP will transfer the funds to the bank account specified on the ACH Authorization Form. For your protection, funds may only be ACH to this designated account.

INTEREST EARNINGS

The LGIP daily factor is a net earnings figure that is calculated daily using the investment income earned (excluding realized gains or losses) each day, assuming daily amortization and/or accretion of income of all fixed income securities held by the Fund, less the administrative fee. The daily factor is reported on an annualized 7-day basis, using the daily factors from the previous 7 calendar days. The reporting of a 7-day annualized yield based solely on investment income which excludes realized gains or losses is an industry standard practice that allows for the fair comparison of funds that seek to maintain a constant NAV of \$1.00. The actual yield factor is a net daily earnings figure that is calculated using the total net earnings including realized gains and losses occurring each day, less the administrative fee. The total net earnings of the LGIP will be declared daily and paid monthly to each pool participant's account in which the income was earned on a per-share basis. These funds will remain in the pool and earn additional interest unless withdrawn and sent to the pool participant's designated bank account as specified on the Authorization Form. Interest earned will be distributed monthly on the first business day of the following month.

STATEMENTS AND REPORTING

On the first working day of every month each active pool participant will be sent a monthly statement which includes the pool participant's beginning balance, ending balance, deposits, withdrawals, administrative fees, gross earnings, net earnings, and the gross and net earnings rates for the month. Included with the statement is the monthly enclosure. This report contains information regarding the maturity structure of the portfolio and balances broken down by security type.

The LGIP will provide pool participants an overview of "LGIP Updates and Archive" on the LGIP website. In addition to the compliance report, benchmark, comparison data, and statistical information about the LGIP, a market summary will provide a review of the activity in the financial markets. The Office of the State Treasurer views this as an important vehicle to keep participants informed of LGIP issues.

A Comprehensive Annual Financial Report (CAFR) is distributed to each pool participant for the State's fiscal year ending each June. The CAFR is an extensive document that includes the following LGIP information:

- Introductory Information
 - Organization Chart
 - Advisory Committee Member List
 - Key Personnel List
 - Compliance Report
- Audited Financial Report/
 - Independent Auditors' Report
 - Financial Statements

- Investments Section
 - Portfolio
 - Charts
 - Schedule of Pool Participants
 - Investment Policy
- Statistical Information
 - Net Assets and Net Income
 - Tables
 - Average Balance
 - Portfolio Yield
 - Average Maturity Graphs

The “LGIP Updates and Archive” and the CAFR are available on the Office of the State Treasurer web-site at: <https://www.tre.wa.gov/>

ADMINISTRATIVE FEES

The State Treasurer will require reimbursement for the administration and recovery of costs associated with the operation of the Local Government Investment Pool. The administrative fee accrues daily from pool participants’ earnings prior to the earnings being posted to their account. The administrative fee will be paid monthly. In the event that there are no earnings, the administrative fee will be deducted from principal.

DIRECT DEPOSIT PROGRAM

Local Government Investment Pool (LGIP) participants that receive State collected revenues, distributed by the State Treasurer's Office, may elect to have those monies deposited directly to their LGIP account. This program began on July 1, 1989 and there has been a very positive response from those participants who are involved.

Direct deposit benefits:

- (1) Funds credited to LGIP account via direct deposit will begin earning interest that same day.
- (2) Funds may be withdrawn, in whole or in part, on the day of deposit by notifying the LGIP at 800-331-3284 prior to 9:00 a.m.
- (3) Funds are deposited directly into your LGIP account via ACH; therefore, wire charges for transferring funds out of your bank account are avoided.

Local governments choosing to use this option will continue to receive a remittance advice from the State Treasurer detailing the funds they have received in any particular distribution. Authorization for direct deposit will remain in effect until the State Treasurer receives written notification that the local government no longer wishes to participate in the direct deposit program.

The LGIP is pleased to offer this additional service in the hopes that it may aid the facilitation of your cash management program.

<https://tre.wa.gov/partners/for-local-governments/revenue-distribution/>

**ENROLLMENT INSTRUCTIONS
FOR THE
LOCAL GOVERNMENT INVESTMENT POOL**

1. Prepare Resolution or Ordinance and have this approved by local governing authority.
2. Complete Authorization Form including bank account information, authorized personnel, ACH information (optional), and online TM\$ access (optional).
3. Evaluate the Direct Deposit Program described on page 6. If your entity elects to participate in this deposit vehicle, complete the direct deposit authorization form (see Appendix). The Office of the State Treasurer must receive the form two weeks prior to the direct deposit date taking effect.

All forms are available online under the LGIP section: <https://www.tre.wa.gov/>

4. Prior to participation, send the Resolution/Ordinance, Authorization forms, and Direct Deposit form (optional) to the following address:

OFFICE OF THE STATE TREASURER
LOCAL GOVERNMENT INVESTMENT POOL
LEGISLATIVE BUILDING
PO BOX 40200
OLYMPIA, WA 98504-0200

WASHINGTON ADMINISTRATIVE CODE (WAC) RULES

WAC 210-10-010. Definitions.

Unless the context requires otherwise:

"Extended asset fund" means a subpool whose investments generally have a longer maturity than the money market fund and may be more restricted in the number of contributions and withdrawals than the money market fund.

"Financial institution" means a public depository as defined in RCW 39.58.010.

"Financial officer" means the same as that term is defined in RCW 43.250.020.

"Funds" means the same as that term is defined in RCW 43.250.020.

"Government finance official" means the same as that term is defined in RCW 43.250.020.

"Local government investment pool" or "pool" means the aggregate of all funds from pool participants that are placed in the custody of the state treasurer for investment and reinvestment.

"Money market fund" means a subpool whose investments are primarily money market instruments.

"Net asset value" with respect to the assets of a subpool shall mean the value of the assets of that subpool reduced by its accrued liability.

"Pool participant" means any eligible governmental entity as that term is defined in RCW 43.250.020 that is invested in a subpool.

"Prospectus" means a written offer of an investment in the pool or in any subpool designated as a prospectus by the state treasurer.

"Subpool" means a subcomponent of the pool as may be established and designated by the state treasurer from time to time. Each subpool shall have its own name, assets, and liabilities as designated by the state treasurer. The state treasurer may designate separate investment policies, restrictions, objectives, and strategies for each subpool.

"Value" with respect to an asset shall mean (a) with respect to securities for which market quotations are readily available, the market value of such securities, and (b) with respect to other securities or assets, fair value as determined by the state treasurer. In determining fair value, the state treasurer may appoint and rely upon a pricing service. With respect to the money market fund, "value" shall mean the amortized cost of the money market fund's assets unless the state treasurer determines otherwise.

WAC 210-10-020 Requirements for participation in the pool.

(1) Before participating in the pool, all pool participants shall file with the state treasurer, any documentation required by the state treasurer. Such documentation shall, at a minimum, provide the following information:

(a) Name and address of the pool participant;

(b) A statement that the pool participant agrees to contribute or withdraw funds in the local government investment pool in accordance with the provisions of the Washington Administrative Code and the prospectus for the purpose of investment as stated therein; and

(c) The names and titles of the officials authorized to order the contribution or withdrawal of funds in the local government investment pool.

(2) It shall be the responsibility of pool participants to properly execute and file any required documentation with the state treasurer. The state treasurer shall not allow participation in the local government investment pool unless such documentation has been filed with the state treasurer.

WAC 210-10-030 State treasurer's liability.

The state treasurer shall not be liable for:

(1) Any loss, including loss of capital, resulting from investments in the pool and/or any subpool, as applicable, except as provided for in RCW 43.250.040;

(2) Any damages resulting from misfeasance, malfeasance, nonfeasance, or defalcation on the part of a government finance official, financial officer, or pool participant;

(3) Any loss, including loss of capital, that results from a pool participant's failure to comply with the provisions of the Washington Administrative Code or the prospectus; or

(4) Any loss, including loss of capital, resulting from a pool participant seeking, and being granted, a withdrawal due to necessity, from the extended asset fund.

WAC 210-10-040 Transaction limitation.

The state treasurer reserves the right at its sole discretion to set a minimum and/or maximum transaction amount from any subpool and to limit the number of transactions, whether contribution, withdrawal, or transfer, permitted in a day or other given period of time, or whether to pay withdrawal proceeds in kind or in cash. The state treasurer may establish thresholds and defer withdrawals in excess of those thresholds and pay them out on a deferred or delayed basis from any subpool. In addition, the state treasurer reserves the right at its sole discretion to reject any proposed contribution order, and in particular to reject any proposed contribution made by a pool participant engaged in behavior deemed by the state treasurer to be abusive.

WAC 210-10-050 Contribution procedures.

(1) Contribution procedures for the money market fund:

(a) All contributions will be effected by electronic funds transfer to an account in the money market fund designated by the state treasurer. It is the responsibility of each pool participant to pay any bank charges associated with such electronic transfers to the state treasurer.

(b) Funds transmitted by automated clearing house (ACH) will be held for a period of time as designated by the state treasurer in the prospectus.

(c) Failure to transmit funds by a pool participant after notification to the state treasurer of an intended transfer will result in penalties. Penalties for failure to timely transmit funds will be assessed to the account of the pool participant responsible. Reversal of an ACH transmission will constitute a failure to transmit funds.

(d) Contribution requests received in good order will receive the net asset value per unit of the money market fund next determined after the order is accepted by the state treasurer.

(2) Contribution procedures for the extended asset fund:

Direct investments into the extended asset fund are not permitted. Contributions to the extended asset fund may only be effected by means of a contribution from the money market fund. Contributions will take place monthly, on the 10th calendar day of the month (or on the next business day, if the 10th does not fall on a business day).

Pool participants must notify the state treasurer of any contribution on the business day prior to a permitted contribution date no later than the time on that day specified in the prospectus. The state treasurer may allow contributions with less than the required notice in its sole discretion.

Contributions to the extended asset fund will be effected by way of a corresponding withdrawal from the pool participant's specified money market fund account. On the contribution date, shares will be sold from the specified money market fund account at the net asset value determined as of the order acceptance date. Shares of the extended asset fund will be purchased using the extended asset fund's net asset value determined as of the order acceptance date.

WAC 210-10-060 Contribution limits and earnings credit.

(1) Contribution limits and earnings credit for the money market fund:

To ensure same day credit, a pool participant must inform the state treasurer of any contribution over one million dollars, except for funds transmitted by ACH, no later than 9 a.m. on the same day the contribution is made. Contributions for one million dollars or less, other than those funds transmitted by ACH, can be requested at any time prior to 10 a.m. on the day of contribution.

For all other contributions over one million dollars that are requested prior to 10 a.m., a pool participant may receive same day credit at the sole discretion of the state treasurer. Contributions that receive same day credit will count, for earning rate purposes, as of the day in which the contribution was made. Contributions for which no notice is received prior to 10 a.m. will be credited as of the following business day.

Participants transmitting a contribution via ACH must notify the state treasurer no later than 2 p.m. the business day prior to the contribution date.

(2) Earnings credit:

Income earnings credit on funds contributed to a subpool will be credited to each subpool in the timing and manner described in the prospectus.

WAC 210-10-070 Withdrawal procedures.

(1) Withdrawal procedures for the money market fund:

Each pool participant shall file with the state treasurer a letter designating the financial institution at which funds withdrawn from the money market fund shall be deposited. This letter shall contain the name of the financial institution, the location of the financial institution, the account name, and the account number to which funds will be deposited. This letter shall be signed by local officials authorized to receive and disburse funds, as described in WAC 210-10-020. Disbursements from the subpool will be effected by electronic funds transfer. Failure by the state treasurer to transmit funds to a pool participant after proper notification to the state treasurer to disburse funds to a pool participant may result in a bank overdraft in the pool participant's bank account. The state treasurer will reimburse a pool participant for such bank overdraft penalties charged to the pool participant's bank account.

In order to withdraw funds from the money market fund, a pool participant must notify the state treasurer of any withdrawal over one million dollars no later than 9 a.m. on the same day the withdrawal is made except for funds transmitted by ACH. Withdrawals for one million dollars or less, other than those funds transmitted by ACH, can be requested at any time prior to 10 a.m. on the day of withdrawal.

For all other withdrawals from the money market fund over one million dollars that are requested prior to 10 a.m., a pool participant may receive such withdrawal on the same day it is requested at the sole discretion of the state treasurer. Participants requesting withdrawals via ACH must notify the state treasurer no later than 2 p.m. the business day prior to the requested withdrawal date. Funds contributed by ACH will not be available for withdrawal for a period of time as designated by the state treasurer in the prospectus.

Withdrawal requests with respect to the money market fund received in good order will receive the net asset value per unit of the money market fund next determined after the order is accepted by the state treasurer.

(2) Withdrawal procedures for the extended asset fund.

Withdrawal orders will be accepted on a quarterly basis and must be received two business days prior to the intended withdrawal date. Withdrawals will occur on the 10th calendar day of the months so designated in the prospectus. If the 10th is not a business day, the withdrawal will occur on the following business day. Other withdrawals may be permitted due to necessity, if the governing body of a pool participant sets forth, by resolution or other appropriate official action, that a withdrawal is necessary to meet the cash flow needs of the pool participant.

Withdrawals from the extended asset fund will be effected by way of a corresponding contribution into the pool participant's specified money market fund account. On the withdrawal date, shares will be sold from the specified extended asset fund account at the net asset value determined as of the next business day after the order acceptance date. Shares of the money market fund will be purchased using the money market fund's net asset value determined as of the next business day after the order acceptance date.

Pool participants must notify the state treasurer of any withdrawal two business days prior to a permitted withdrawal date no later than the time on that day specified in the prospectus. The state treasurer may allow withdrawals with less than the required notice in its sole discretion.

WAC 210-10-080 Transfer procedures.

A pool participant may transfer funds from one money market fund account to another. To ensure same day credit, a pool participant must inform the state treasurer of any transfer no later than 10 a.m. on the same day the transfer is made. Contributions to the money market fund through ACH will not be available for transfer for a period of time as designated by the state treasurer in the prospectus.

WAC 210-10-090 Reporting requirements.

The state treasurer will provide to each pool participant a monthly statement showing that pool participant's beginning balance, contributions, withdrawals, transfers, administrative charges, earnings rate, earnings, and ending balance in each subpool for the preceding calendar month.

WAC 210-10-100 Administrative deductions.

As authorized in RCW 43.250.060, the state treasurer will require reimbursement for the administration and recovery of costs associated with the operation of the pool. Each pool participant will reimburse the state treasurer based upon each pool participant's share of the total pool assets in the timing and manner described in the prospectus.

WAC 210-10-110 Portfolio management.

The state treasurer shall manage the funds invested in each subpool in such a manner as to effectively maximize the yield to the subpool. The state treasurer shall have the sole responsibility in setting the investment strategy for each subpool.

WAC 210-10-120 The prospectus.

The state treasurer may specify by means of a prospectus, or supplement thereto, such terms and conditions not otherwise set forth in the administrative code applicable to the management and operation of the pool and/or any subpool, including investment policies, restrictions, objectives not inconsistent with WAC 210-10-110, contributions, the crediting of income, gain or loss, the allocation of liabilities among subpools, and withdrawals and contributions among subpools, as the state treasurer may deem appropriate, from time to time. Material changes to a prospectus may be made by the state treasurer by means of a supplement or restated prospectus, effective as of the date sent to pool participants or as of the later date stated therein.

WAC 210-10-130 Liquidation and termination.

The state treasurer may liquidate and terminate any subpool in its sole discretion. Upon declaring a liquidation, the state treasurer shall make arrangements for the disposition of the affected subpool's assets and either the payment of all liabilities or the establishment of adequate reserves for the discharge of the subpool's liabilities, if any. Pool participants will receive their pro rata share of the subpool's assets net of such liabilities or reserves. Notwithstanding the foregoing, the state treasurer may hold back up to ten percent of the value of the liquidating subpool until all liabilities are discharged. Residual amounts, if any, will be distributed to pool participants on a pro rata basis. Pool participants will not earn income on any amounts held back.

WAC 210-10-140 Restriction on withdrawals.

The state treasurer may take any measure and impose any restriction on withdrawals from any subpool or any category of pool participant, including, but not limited to, prorating over time any withdrawal order and/or satisfying any withdrawal order by offering pool participants withdrawals in-kind, as described in the prospectus.

INVESTMENT POLICY

LOCAL GOVERNMENT INVESTMENT POOL

OFFICE OF THE WASHINGTON STATE TREASURER

DECEMBER 2018



DUANE A. DAVIDSON
WASHINGTON STATE TREASURER

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OFFICE OF THE WASHINGTON STATE TREASURER

INVESTMENT POLICY

LOCAL GOVERNMENT INVESTMENT POOL

I. PURPOSE

The goal of this investment policy is to clearly prescribe the State Treasurer's Office duties pertaining to the investment of the Local Government Investment Pool (LGIP) funds. This policy:

- Sets out guidelines for the prudent management of LGIP funds.
- Describes realistic parameters and goals for safely investing those LGIP funds.
- Establishes expectations for generally acceptable returns at a suitable level of risk that matches the nature of the LGIP funds invested.
- Provides the framework within which the Treasurer's Office investment activity will operate by setting out objectives, guidelines and structure that includes details on the universe of permitted investments and any restrictions on their use.

The State Treasurer reserves the right to amend this policy as deemed necessary.

II. IDENTIFICATION OF FUNDS

This policy applies to all public funds on deposit with the Local Government Investment Pool (LGIP) as defined by RCW 43.250.020.

III. OBJECTIVES

The LGIP will transact with its participants at a stable net asset value per share, e.g., all contributions and will be transacted at \$1.00 net asset value per share. The LGIP portfolio will be managed to meet the portfolio maturity, quality, diversification and liquidity requirements set forth in GASB 79 for external investment pools who wish to measure, for financial reporting purposes, all of its investments at amortized cost. The objectives of the State Treasurer's Office investment practices for the LGIP, in priority order, will be: safety, liquidity, and return on investment.

1. **Safety:** Safety of principal is the primary objective of the State Treasurer. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To obtain this objective the OST portfolio manager will do the following:
 - Limit the purchase of investments to securities that have a maximum final maturity of 397 days, with the exceptions listed in Section VII of this policy

- Maintain a Weighted Average Maturity (WAM) of 60 days or shorter, as described in Section VII.3
 - Maintain a Weighted Average Life (WAL) of 120 days, as described in Section VII.3
 - Limit the purchase of investments in securities other than those issued by the U.S. government or its agencies
 - Prepare regular reports of portfolio activity
- 2. Liquidity:** The investment portfolio will remain liquid to enable the State Treasurer to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a balance to meet daily obligations. Specifically:
- OST will have an understanding of historical cash flow patterns to manage expectations.
 - OST will hold securities that can be converted to liquid cash to be incorporated in liquidity structure.
- 3. Return on Investment:** The LGIP will be structured with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the pool.

IV. STANDARDS OF CARE

1. Delegation of Authority

The State Treasurer is an executive officer of the state, as established by the Constitution of the State of Washington (Article III, Section 1), and “will perform such duties as will be prescribed by law” (Article III, Section 19).

As prescribed by the Revised Code of Washington (RCW), “The legislature finds and declares that the public interest is found in providing maximum prudent investment of surplus funds, thereby reducing the need for additional taxation. The legislature also recognizes that not all political subdivisions are able to maximize the return on their temporary surplus funds. The legislature therefore provides in this chapter a mechanism whereby eligible governmental entities may, at their option, utilize the resources of the state treasurer's office to maximize the potential surplus funds while ensuring the safety of those funds” (RCW 43.250.010).

To “ensure effective cash management of public funds,” (RCW 43.08.015) the State Treasurer may designate investment officers who will have the authority to perform the duties of the state treasurer, and will maintain a current list (available upon request) of those individuals so authorized.

2. Prudence.

The State Treasurer’s Office authorized investment officers will perform their duties in a manner consistent with the standard of a “prudent person,” as defined by RCW 43.250.040:

“In investing and reinvesting moneys in the public funds investment account and in acquiring, retaining, managing, and disposing of investments of the investment pool, there shall be

exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.”

Authorized investment officers acting in accordance with this policy and exercising due diligence shall be relieved of personal responsibility for credit and market risks encountered in the performance of their investment duties. Due diligence requires timely reporting of material deviation from expectations and such other actions to control adverse developments as may be possible in consideration of the particular circumstances and within other provisions of this policy.

3. Ethics and Conflicts of Interest.

The State Treasurer, assistant treasurer, and authorized investment officers will adhere to standards of conduct as stipulated by the following:

- Public Disclosure Act, Chapter 42.56 RCW
- Ethics in Public Service Act, Chapter 42.52 RCW and Section 292-110-010 Washington Administrative Code
- Standards of Conduct for Executive Branch Employees, Executive Order 93-02

V. CONTROLS

1. Custody.

Safekeeping and Custody: Prudent treasury management dictates that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by an independent third-party financial institution. Deposits will only be made pursuant to Chapter 39.58 RCW.

The State Treasurer’s Office shall designate all safekeeping arrangements and an agreement of the terms executed in writing. The third-party custodian shall be required to provide a statement to the State Treasurer’s Office listing at a minimum each specific security, description, maturity date, fair value, par value, purchase date, and cusip number.

2. Authorized Financial Dealers and Institutions.

The State Treasurer’s Office will maintain a list of broker/dealers and financial institutions authorized to provide investment services to the state. Authorized broker/dealers and financial institutions will be limited to those that meet one or more of the following:

- Financial institutions that are
 - Approved by the Washington Public Deposit Protection Commission (Chapter 39.58 RCW)
 - The custody provider to the state pursuant to RCW 39.58.080
- Primary dealers recognized by the Federal Reserve Bank of New York

- Non-primary dealers qualified under U.S. Securities and Exchange Commission Rule 15C3-1, the Uniform Net Capital Rule, and a certified member of the Financial Industry Regulatory Authority (FINRA)

Each authorized dealer or institution will make available annual reports, including audited financial statements, and other information as determined by the State Treasurer's Office.

3. Competitive Transactions

It is the policy of the State Treasurer's Office to transact securities purchases or sales through appropriately competitive processes.

Electronic trading is the preferred option for the purchase and sale of investment instruments.

Offers or bids for securities may be received from approved broker/dealers by the following means:

- a. By phone
- b. By e-mail or other electronic communication
- c. Through electronic trading platform
- d. From inventory listings supplied by approved broker/dealers

4. Share Price Calculation

The current price per share, for purposes of distribution, redemption and repurchase, will be computed by use of the Amortized Cost Method. It is the intent to manage the portfolio to maintain a stable net asset value at \$1.00. However, maintenance of a stable net asset value at 1.00 is not guaranteed.

5. Internal Controls

The State Treasurer's Office will maintain internal controls to protect against the loss of public funds arising from negligence, theft or misuse. These controls will include, but not be limited to:

- Use of third party custody and safekeeping
- Execution of all securities transactions on a DVP basis
- Clear delegation of investment authority
- Separation of transaction authority from record keeping
- Use of objective criteria in selecting financial institutions and dealers authorized to provide investment services to the state
- Use of objective criteria in awarding investment purchases and sales to authorized financial institutions and dealers

Daily compliance reports, as well as monthly performance reports, will be provided to the treasurer and assistant treasurer.

6. External Controls

As prescribed by RCW 43.09.050, the state auditor will “audit the accounts” and “inspect the books” of the State Treasurer to determine the compliance of investment activities with state statutes and this policy. In addition, the LGIP will contract for an outside independent audit of LGIP financial statements.

The LGIP operates with a constant Net Asset Value (NAV) of \$1.00. In accordance with GASB 79 the "shadow" NAV will be calculated at least monthly using fair values provided by the master custodian or by an independent pricing service under contract with the State Treasurer’s Office. Stress testing of the NAV under different interest rate and redemption scenarios will be done monthly. The "shadow" NAV calculations and results of stress testing will be reported monthly to the LGIP Advisory Committee.

This policy will be reviewed/revised at least annually. The State Treasurer will formally approve any changes to this policy after consultation with the LGIP Advisory Committee.

VI. ELIGIBLE AND SUITABLE INVESTMENTS

Eligible investments are only those securities and deposits authorized by statute. (Chapter 39.58 RCW and RCW 43.84.080) Eligible investments are limited to:

- Obligations of the U.S. government
- Obligations of U.S. government agencies, or of corporations wholly owned by the U.S. government
- Obligations of supranational institutions provided that, at the time of investment, the institution has the United States government as its largest shareholder
- Obligations of government-sponsored corporations which are, or may become, eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve
- Certificates of deposit or demand deposits with financial institutions made in accordance with the provisions of Chapter 39.58 RCW

VII. INVESTMENT PARAMETERS

To provide for the safety and liquidity of LGIP funds, the investment portfolio will be subject to the restrictions listed below. These represent minimum investment restrictions under this formal investment policy and there may be separate guidelines containing additional, more restrictive limitations for certain investment instruments. All restrictions are based on a settlement date basis. The investments of cash collateral and securities accepted as collateral by a securities lending agent are subject to the restrictions and limits of sections VI and VII of this policy.

Maximum percentages for a particular issuer, investment type or liquidity constraints may on occasion be exceeded, e.g., due to fluctuations in fund balances. Securities need not be

liquidated to realign the portfolio; however, consideration will be given to this matter when future purchases are made.

1. Liquidity

The fund will be structured to maintain a degree of liquidity sufficient to meet reasonably foreseeable redemption requests and reduce the likelihood that the fund will have to meet redemptions by selling portfolio securities into a declining market.

- 10% will be maintained in “daily liquid assets” that include: (i) cash, (ii) direct obligations of the US Government, (iii) demand deposits, (iv) overnight repurchase agreements and (v) securities that mature the following business day.
- 30% of the portfolio will be maintained in “weekly liquid assets” that include: (i) cash, (ii) direct obligations of the US Government, (iii) Government Agency discount notes that have a remaining maturity of 60 days or less and (iv) securities that will mature, or have a demand feature exercisable and payable within 5 business days.
- The fund will not acquire an illiquid investment if, after acquisition, the amount of illiquid investments in the portfolio would exceed 5 percent of its total assets. Certificates of deposit and repurchase agreements with final maturities beyond 5 business days, that are not subject to a demand feature that is exercisable and payable within 5 business days, are both considered to be illiquid investments.

2. Diversification and Percentage Limitations

Cash raised as a result of securities lending or reverse repurchase agreement transactions will not increase the dollar amount of the following limitations.

a. Government Securities

Investments in government securities will not exceed the following percentages of the total daily portfolio balance at amortized cost:

Floating and Variable Rate Notes (aggregate total)	30%
Other Structured Notes	10%

For the purposes of this policy the following definitions shall apply:

Floating Rate Note: Securities which at all times can reasonably be expected to have a fair value that approximates their amortized cost. This would include those who reset based on indices such as Fed Funds or the prime lending rate. Floating Rate Notes that reset based on any other index must be approved by either the state treasurer or the assistant state treasurer prior to purchase.

Variable Rate Notes: Securities which on any reset date can reasonably be expected to have a fair value that approximates their amortized cost. This would include those who reset based on indices such as LIBOR or US Treasury Bills. Variable Rate Notes that reset based on any other index must be approved by either the state treasurer or the assistant state treasurer prior to purchase.

Other Structured Notes: All other debt securities whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend on one or more indices and which may have embedded forwards or options.

- Structured notes whose cash flows can no longer fluctuate will not count against the 10% limitation.

b. Non-government Securities

Investments in non-government securities will not exceed the following percentages of the total daily portfolio balance at amortized cost:

Certificates of Deposit	5%
Demand Deposit Accounts	50%

3. Investment Maturity

a. Maximum Final Maturity

The maximum final maturity of any security will not exceed 397 days, with the following exceptions:

- The maximum maturity of the variable rate and floating rate securities meeting the requirements listed above will not exceed 762 days.
- Securities utilized in repurchase agreements

b. Weighted Average Maturity (WAM)

The weighted average maturity (WAM) of the portfolio will not exceed 60 days. For the purposes of calculating the WAM:

- A variable rate security meeting the requirements listed above will be deemed to have a maturity equal to the period remaining to the next reset date, provided that on any reset date such security can be reasonably expected to have a fair value that approximates its amortized cost.
- A floating rate security meeting the requirements listed above will be deemed to have a remaining maturity of one day, provided that at any time prior to maturity such security can reasonably be expected to have a fair value that approximates its amortized cost.

c. Weighted Average Life (WAL)

The weighted average life (WAL) of the portfolio shall not exceed 120 days. For the purpose of calculating the WAL:

- A variable rate security will be calculated using its final maturity.
- A floating rate security will be calculated using its final maturity.

4. Repurchase and Reverse Repurchase Agreements

Repurchase and reverse repurchase agreements will be subject to the following additional restrictions:

- Transactions will be conducted only with primary dealers, the state's bank of record, or master custodial bank, and under the terms of a written master repurchase agreement.

- Repurchase agreements with any single primary dealer or financial institution will not exceed 20% of the portfolio.
- The maximum term of repurchase agreements will be 180 days.
- The share of the portfolio allocated to repurchase agreements with maturities beyond 5 business days will not exceed 5% of the total portfolio. Repurchase agreements with final maturities beyond 5 business days that are subject to a demand feature that is exercisable and payable within 5 business days are not included in this limitation.
- The maximum term of reverse repurchase agreements will be 90 days and must be matched to anticipated cash flows adequate to liquidate the transaction.
- The maximum portion of the portfolio allocated to reverse repurchase agreements or engaged in a securities lending program will not exceed 30% of the total portfolio.

Securities utilized in repurchase agreements will be subject to the following additional restrictions:

- Purchased securities utilized in repurchase agreements will be limited to government securities.
- Securities utilized in a repurchase agreement with a maturity date longer than seven days will be priced at least weekly.
- All substitutions will be approved by the OST before the existing purchased security is released to the broker/dealer.
- The fair value, plus accrued income, of securities utilized in repurchase agreements will be 102% of the value of the repurchase agreement, plus accrued income.

Additional operating guidelines will provide details relating to the frequency of security pricing, substitutions, and margin calls.

VIII. PROFESSIONAL SERVICES

The State Treasurer's Office may contract for professional services as necessary for the efficient management of investments.

1. Appointment of Master Custodian

The State Treasurer's Office may select one or more firms to provide the state with master custodial services. Master custodial services will include, but not be limited to:

- Executing transactions involving all securities held in custody, including on-line security clearing, settlement of securities on a delivery-versus-payment basis (DVP), and settlement of physically-held securities
- Providing regular reports on the activity and fair value of the securities in custody
- Providing for the safekeeping of all documents and financial instruments physically held in custody

2. Appointment of Securities Lending Agent

The State Treasurer's Office may select one or more firms to provide securities lending management services. Securities lending services will include, but not be limited to:

- Ensuring all loans of coupon-bearing securities are supported by collateral valued at not less than 102% of fair value of the securities, including accrued income
- Ensuring all loans of non coupon-bearing securities supported by cash collateral, shall not be valued at less than 102% of fair value, but not to exceed par
- Ensuring all loans of non coupon-bearing securities supported by non-cash collateral, shall not be valued at less than 102% of fair value
- Ensuring the average maturity of securities on loan and of the securities purchased are for 14 days or less
- Ensuring that the investment of cash collateral be only in securities and deposits authorized in statute, and be in compliance with the investment guidelines found in the contract for securities lending services
- Providing next day liquidity for all securities on loan
- Providing monthly accounting, performance, compliance, and management reports

The services of a master custodian and securities lending agent will be obtained through an evaluation of competitive proposals submitted in response to a regularly issued request for proposals.

Securities purchased by the office are to be held by the master custodian, acting as an independent third party, in its safekeeping or trust department.

Collateral is to be similarly held or held by an independent third party with whom the office has a current master repurchase agreement.

All securities transactions are to be conducted on a DVP basis only, and a trade confirm/safekeeping receipt is to be provided to the Treasurer's Office.

IX. ADVISORY COMMITTEE

The State Treasurer created the LGIP Advisory Committee to provide advice on the operation of the pool. Of the committee members, all of whom are active LGIP participants, some members are appointed by participant associations, and some members are appointed by the State Treasurer. The LGIP Advisory Committee will meet quarterly or at the discretion of the State Treasurer.

X. PERFORMANCE BENCHMARK

A performance benchmark provides an appropriate comparison of risk and return based on an investment fund's policy criteria. The imoney.net, Govt Only Institutional Index is an index that is comprised of 2a7 government only portfolios and conforms to the LGIP

investment objectives. Therefore, this index will be used as a comparison for risk and return results.

XI. REPORTING REQUIREMENTS

The State Treasurer's Office will prepare regular reports summarizing characteristics and holdings in the fund.

In accordance with Washington Administrative Code 210-10-090, each pool participant will be provided a monthly statement of account. In accordance with RCW 43.250.080, the State Treasurer's Office will submit an annual summary of LGIP activity to the governor, the state auditor, and the Joint Legislative Audit and Review Committee.



Approved by Duane A. Davidson, State Treasurer

12/14/18

Date

Effective Date: December 14, 2018

**KENNEWICK PUBLIC HOSPITAL DISTRICT
BENTON COUNTY, WASHINGTON
RESOLUTION NO. 2022-10**

**A Resolution establishing the date, time and place of the regular meetings
of the Board of Commissioners**

WHEREAS, the Kennewick Public Hospital District Board of Commissioners find it desirable to modify previous resolutions and any policy relating to the date, time and place of the regular meetings, **NOW, THEREFORE**,

BE IT RESOLVED effective January 1, 2023, that the regular meetings of the Board of Commissioners shall be held on the last Thursday of each month. Said meetings will be held at the Trios Care Center at deBit, 320 W. 10th Avenue, Kennewick, WA 99336, at 5:00 p.m. **PROVIDED**, when a regular meeting date as established above is a legal holiday, said meeting shall be held at the same place at 5:00 p.m. on the Thursday immediately preceding the Thursday which is a legal holiday.

BE IT FURTHER RESOLVED that the regular meeting set for Thursday, December 28, 2023, shall be held on Thursday, December 21, 2023, at the same time and place as set forth above.

ADOPTED AND APPROVED by the Commissioners of Kennewick Public Hospital District, Benton County, Washington, at a special public meeting thereof this 17th day of November, 2022, the following Commissioners being present and voting:

**KENNEWICK PUBLIC HOSPITAL DISTRICT
BENTON COUNTY, WASHINGTON**

Gary G. Long, President & Commissioner

Steve Blodgett, Secretary, Treasurer & Commissioner

Marv Kinney, Commissioner

Richard L. Reil, Commissioner

Wanda L. Briggs, Commissioner

Sheila Dunlop, Commissioner

Mark Brault, Vice President & Commissioner