

INVESTMENT SERVICES INTERLOCAL AGREEMENT
CONCERNING CLARK COUNTY TREASURER & EAST COUNTY FIRE
& RESCUE

THIS IS AN INTERLOCAL AGREEMENT between East County Fire & Rescue, a relevant municipal corporation of the state of Washington, hereinafter referred to as a "Participant", and the Clark County Treasurer, hereinafter referred to as the "Treasurer", whereby the Participant agrees to participate in the Clark County Investment Pool (Pool) in the following manner:

WHEREAS, pursuant to RCW 39.34.080, one or more public agencies may contract with one another to perform governmental services which each itself is, by law, authorized to perform; and

WHEREAS, by law, the Treasurer is required to invest unused funds in investment instruments allowed by state statute for participating political subdivisions; and

WHEREAS, there are various costs for placing investments, such as: receiving and sending wires, safekeeping of negotiable instruments, and daylight overdrafts that are shared among the participants; and

WHEREAS, RCW 36.29.022 allows the Treasurer, upon request of the Participants, to create a pool for the purposes of investment; and

WHEREAS, the Participant has, by action of its governing body, authorized the Treasurer to invest its funds not needed for immediate expenditure; and

WHEREAS, the Participant has reviewed and is familiar with the Clark County Investment Policy; and

WHEREAS, the Treasurer and Participants desire to establish a mechanism by which the aforementioned activities shall occur;

NOW THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Investment Service Agreement

The Treasurer has established a fund whereby Participants and the Treasurer invest available cash in a commingled pool called the "Clark County Investment Pool" (Pool).

2. Applicability

The Treasurer, through the County Finance Committee, has established investment criteria through the Clark County Investment Policy. All investments placed by the Treasurer are governed by the most recently adopted Clark County Investment Policy and this Agreement.

3. Investment Process

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All excess cash will be invested daily. There is no minimum or maximum amount of shares that must be purchased or dollar amount deposited. The purchase price per share shall be one dollar (\$1.00). The Pool will be managed based on historical Participant cash flows. Participant fund managers should disclose to the Treasurer any significant deviations from prior spending patterns or projected changes to fund balances.

The Pool will be managed in an **active** manner. Consequently, gains and losses may occur based upon market and credit risk, as defined in the most recently adopted Clark County Investment Policy. **Accordingly, any realized gains or losses will be shared based upon each participant's daily principal balance maintained within the Pool and allocated in the manner described in Sections 5 and 6 below.**

For the investment of bond proceeds subject to arbitrage rebate, the Participant will provide forecasted cash flows. A separate investment sub-account shall be established for the tracking of investment income and expenditures.

4. Payment Process

Transfers of funds to the Pool, shall be completed using established electronic processes; including but not limited to wires, ACH's, bank transfers, or internal transfers between Participants' funds. Any bank charges incurred by one party as a result of the other party's failure to transfer such monies shall be reimbursed by the party causing the charges to occur.

5. Portfolio Management

The Treasurer shall be responsible for all transactions undertaken in managing the Pool and shall establish a system of controls and procedures to regulate the activities of all staff in investment matters. The Treasurer shall recommend investment policy changes, as appropriate, to the County Finance Committee and is charged with implementing approved policy changes in a timely, prudent, and effective manner. The Treasurer and authorized investment officers will perform their duties in a manner consistent with the standard of a prudent investor.

The Treasurer is required to place investments in authorized investments as indicated in the Clark County Investment Policy.

The Treasurer will pursue an **active** investment strategy. An active investment strategy may result in either realized gains or realized losses occurring within the Pool. As stated above in Section 3, realized gains and losses will be distributed in proportion to each participant's daily principal balance maintained within the Pool.

Management of the Pool's Net Asset Value (N.A.V.):

There can be no assurance that the Treasurer will be able to maintain a constant N.A.V. per share of one dollar (\$1.00). This is due to changes in the value of the Pool's investments, which

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result from changes in interest rates and the duration of the securities in the Pool. The Pool will be managed to stay within the N.A.V. per share bandwidth as defined in the most recently adopted Clark County Investment Policy. The calculation of the N.A.V. per share will be done twice monthly.

If the Pool's N.A.V. per share is not within the limits set in policy, the Treasurer will sell securities to bring the N.A.V. per share back in compliance with policy. The realized gain or loss on the securities sold will be distributed to all Participants as provided below.

The Treasurer may use an investment advisor to provide technical advice to the Treasurer in managing the Pool's investment portfolio.

6. Earnings:

Interest is distributed based on the weighted average daily balance a Participant's fund maintains in the Pool and is calculated using the actual number of days in the month based on a 360-day year. The total accrued interest earned on Pool securities and realized gains and losses on securities sold before their maturity date, will be distributed monthly to Participants based upon Participants' weighted daily average (pro-rata) ownership of Pool shares. Interest will be paid based upon the last calendar day of each month and will be automatically reinvested as principal.

Should the dollar amount of realized losses exceed the amount of realized gains and interest earned in a given month, the net negative earnings will be distributed to Participants resulting in a pro-rata reduction in the fund balances for Participants.

Coupon payments received on investments for participants placed outside of the Pool are paid to the Participants on the same day the coupon payment is received.

Redemptions of Shares – to pay normal expenditures:

Participants who redeem Pool shares for normal expenditure purposes will receive one dollar (\$1.00) per share.

Redemption of Shares – to reinvest outside the Pool:

Participants withdrawing one or more funds completely from the Pool to reinvest outside of the Pool shall receive one dollar (\$1.00) per share, less costs associated with the transaction. Costs associated with this transaction include but are not limited to, wire transfer fees, safekeeping fees, etc.

Participants withdrawing one or more funds completely from the Pool, wherein the value of the shares being redeemed equals or exceeds three percent (3.00%) of the value of the total Pool portfolio, must provide ten (10) business days' notice prior to withdrawal.

Debt Service Reserve Funds – inside or outside the Pool:

For Participants who have debt service reserve fund(s), invested in or outside the Pool, all

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interest earnings on such reserve amounts shall be transferred on debt service payment dates to the applicable debt service fund by the Treasurer up to the amount due. All necessary additional funds needed to make the full debt service payment shall be remitted or transferred to the applicable debt service fund prior to the date such payment is due by the Participant.

The principal amount deposited within the debt service reserve fund(s) will be available for use by the Participant to make the final debt service payments at time of maturity.

7. Investment Service Fee

Investment Fee – Clark County Investment Pool:

The Treasurer charges Participants an investment fee based on RCW 36.29.024. The investment fee is determined by the actual costs of managing the Pool and is set by the Treasurer. The investment fee will be calculated annually and may fluctuate due to the actual average principal balances being maintained in the Pool differing from the projected balances. This fee is expressed as a rate (e.g. 0.037% or, 3.7 basis points) based on the projected daily principal balance of the Pool for the next twelve months. If at the end of each twelve-month period the Treasurer determines that the amount of the investment fee collected was less than actual costs or was greater than actual costs incurred during the prior twelve months, then the rate for the next twelve months will be increased or reduced to reflect that. The calculation of the investment fee, with identification of actual costs, aggregated by major expense category, as adjusted and projected Pool balance, will be provided to Participants and the County Finance Committee promptly after the calculation is completed.

Investment Fee – Investments Outside the Clark County Investment Pool:

The Treasurer charges Participants an investment fee based on RCW 36.29.020. The investment fee charged for investments placed outside the Clark County Investment Pool shall equate to no more than five percent (5.00%) of the earnings of a security with an annual maximum of fifty dollars on each investment transaction.

8. Reporting

The Treasurer prepares reports on investment activity on a monthly and quarterly basis. Reports may also be prepared at such times as deemed appropriate by the Treasurer. A report showing the original cost (or book) value and fair market value (F.M.V.) of each Participant fund's investment in the Pool will be provided as of each month end. Reports will be distributed to the various oversight committees and to the Participants as deemed appropriate by the Treasurer and will be readily available upon request. Examples of reports are:

- Investment purchases and sales;
- Investment income received;
- Realized and unrealized gains and losses;
- Weighted average maturity of the portfolio;
- Percentage of portfolio by issuer, by type of security, and by maturity sector;
- N.A.V. per share of Pool Shares and the number of shares

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- outstanding;
- F.M.V. of the entire Pool (broken out by fund);
- Pool balances, stated at cost and market value;
- Pool yields;
- Pool performance on a total return basis after subtracting any relevant fees, including the Treasurer's investment fee, compared to established benchmarks;
- Investment strategies; and
- Current economic conditions.

Monthly financial reports will be made available to all Participants.

9. Conflict Between Documents.

In the event a conflict or discrepancy between the provisions of this Agreement and the Clark County Investment Policy, the provisions of this Agreement shall take precedence.

10. Governing Law.


This agreement shall be governed by the laws of the State of Washington. Venue for any litigation shall be Clark County, Washington.

11. Entire Agreement.

This Agreement constitutes the entire agreement between parties, superseding any and all previous written and oral contracts and agreements. This Agreement may not be changed unless written and accepted by both parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this 6th day of Dec., 2021.

Clark County Treasurer

By: 
Alishia Topper

Approved as to Form Only
Curtis Burns
Deputy Prosecuting Attorney, Civil Division

By: 
Deputy Prosecuting Attorney

Clark County Investment Services Agreement

Local Government:

East County Fire & Rescue

Name of Entity

Martyn Martin

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Dated: 10/20/2021

By

Board Chairperson

Title