

# Chapter 210-10 WAC

## LOCAL GOVERNMENT INVESTMENT POOL

### WAC

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**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.

[Statutory Authority: RCW 43.250.060. WSR 13-03-043, § 210-10-010, filed 1/9/13, effective 2/9/13.]

**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.

[Statutory Authority: RCW 43.250.060. WSR 13-03-043, § 210-10-020, filed 1/9/13, effective 2/9/13.]

**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.

[Statutory Authority: RCW 43.250.060. WSR 13-03-043, § 210-10-030, filed 1/9/13, effective 2/9/13.]

**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.

[Statutory Authority: RCW 43.250.060. WSR 13-03-043, § 210-10-040, filed 1/9/13, effective 2/9/13.]

**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.

[Statutory Authority: RCW 43.250.060. WSR 16-16-049, § 210-10-050, filed 7/27/16, effective 8/27/16; WSR 13-03-043, § 210-10-050, filed 1/9/13, effective 2/9/13.]

**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.

[Statutory Authority: RCW 43.250.060. WSR 16-16-049, § 210-10-060, filed 7/27/16, effective 8/27/16; WSR 13-03-043, § 210-10-060, filed 1/9/13, effective 2/9/13.]

**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.

[Statutory Authority: RCW 43.250.060. WSR 16-16-049, § 210-10-070, filed 7/27/16, effective 8/27/16; WSR 13-03-043, § 210-10-070, filed 1/9/13, effective 2/9/13.]

**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.

[Statutory Authority: RCW 43.250.060. WSR 16-16-049, § 210-10-080, filed 7/27/16, effective 8/27/16; WSR 13-03-043, § 210-10-080, filed 1/9/13, effective 2/9/13.]

**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.

[Statutory Authority: RCW 43.250.060. WSR 13-03-043, § 210-10-090, filed 1/9/13, effective 2/9/13.]

**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.

[Statutory Authority: RCW 43.250.060. WSR 13-03-043, § 210-10-100, filed 1/9/13, effective 2/9/13.]

**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 sub-

pool. The state treasurer shall have the sole responsibility in setting the investment strategy for each subpool.

[Statutory Authority: RCW 43.250.060. WSR 13-03-043, § 210-10-110, filed 1/9/13, effective 2/9/13.]

**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.

[Statutory Authority: RCW 43.250.060. WSR 13-03-043, § 210-10-120, filed 1/9/13, effective 2/9/13.]

**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.

[Statutory Authority: RCW 43.250.060. WSR 13-03-043, § 210-10-130, filed 1/9/13, effective 2/9/13.]

**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.

[Statutory Authority: RCW 43.250.060. WSR 13-03-043, § 210-10-140, filed 1/9/13, effective 2/9/13.]