

INVESTMENT POOL
INFORMATION STATEMENT



CLARK COUNTY TREASURER

OCTOBER 28, 2019

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INFORMATION STATEMENT DATED OCTOBER 28, 2019

This Information Statement contains information regarding the Clark County Investment Pool (Pool). The Pool is an investment vehicle which has a floating Net Asset Value and an average maturity of more than 90 days and up to 1.5 years. It has been established to provide Clark County (County) and any relevant municipal corporations (Participants) with assistance in the investment of and accounting for cash in excess of expenditure needs, capital funds, and bond proceeds that meet certain criteria addressed below.

Participants include, but are not limited to districts, such as the following: school, fire, port, cemetery, drainage, road improvement, emergency management, cities, transportation agencies and other public entities who desire to participate. Investments outside the Pool are required to be coordinated with the Treasurer's Finance Manager.

PURPOSE OF POOLING

The Clark County Treasurer invests funds collectively in order to more efficiently meet investment objectives. RCWs 36.29.020, 36.29.022, and 36.29.024 provide statutory authority for the Treasurer to operate a pooling program.

The purpose of the Pool is to allow Participants to pool funds available for investments to achieve a potentially higher yield, while maintaining adequate diversification and liquidity. The "Prudent Investor" rule as defined by RCW 43.250.040 applies to all investments purchased on behalf of the Pool.

The Pool has been created to promote a more efficient mechanism for investing Public funds in large dollar amounts in order to take advantage of market conditions which generally results in higher yields.

Participants are provided with a convenient method of pooling their liquid cash, as well as bond proceeds and other capital and reserve resources, for temporary investment pending their expenditure. The Treasurer's Office provides record keeping, custodial, and arbitrage rebate calculation services.

The Pool seeks to provide the following benefits:

- **Preservation of Principal** – Investments are only made in instruments authorized by Washington State law, and

in accordance with the Clark County Investment Policy. Because investments are restricted to those with the highest credit ratings at the time of purchase, credit risk (the risk that an issuer of a security may default on its obligation,) is lessened. The Pool seeks to maintain, but does not guarantee, a constant Net Asset Value of \$1.00 per share.

- **Liquidity Funds** – The portfolio shall remain sufficiently liquid to enable Clark County and its Participants to have funds available to pay operating and capital expenditures on a daily basis.

Any money received from bond issues will be totally invested and investment withdrawals will typically correspond with expenditures to the exact dollar of the warrants being issued.

- **Income** - The Pool seeks to earn a market rate of return throughout budgetary and variable economic cycles consistent with preserving principal and maintaining liquidity. To further realize this objective, the County will manage the Pool's securities in a manner that results in a Net Asset Value per share of between \$0.985 and a \$1.015 while striving to have a constant Net Asset Value of a \$1.00 per share.
- **Convenience** - Provide liquidity so that Participants in the Pool have ready access to their funds to pay for operating and capital expenditures.

Participants are encouraged to indicate maturity levels through cash flow forecasting to match cash needs for expenditures, particularly for bond proceeds to assist the Treasurer's Office in managing the Pool. Fund managers should tell the Treasurer's Office of any significant deviations from previously discussed cash flow requirements.

Diversification

Each Participant in the Pool will own shares in a diversified portfolio of high quality, authorized instruments. The purpose of diversification is to reduce the overall risk within the portfolio, while attaining market average rates of return. Diversification is required to guard against over concentration of funds in a specific maturity or credit sector, as well as to minimize credit exposure in specific instruments and issuers.

Accounting, Safekeeping, and Separate Accounts

The Pool accounts for each Participant's investments in compliance with governmental accounting and auditing requirements, and documents all of the accounting and safekeeping associated with the ownership of securities.

INVESTMENT POLICY

Please refer to the most recently adopted Clark County Investment Policy which is available on the Clark County website at <http://www.clark.wa.gov/treasurer/>.

Policy

It is the policy of the Clark County Treasurer to invest public funds in accordance with all federal and state laws and ordinances. The Clark County Treasurer will invest public funds in a manner that preserves capital, allows adequate liquidity for the County and Participants, and achieves the highest investment return consistent with the primary objectives of safety and liquidity.

INVESTMENT OBJECTIVES

The Pool is designed to:

- Purchase investments, document investment transactions, and account for all funds in accordance with Government Accounting Standards Board (GASB) accounting principles, applicable state laws, arbitrage rebate provisions of the Internal Revenue Code and relevant regulations, rulings, and procedures.
- Preserve principal.
- Provide liquidity so that Participants in the Pool have ready access to their funds to pay for operating and capital expenditures.
- Provide a prudent level of investment return that is consistent with preservation of principal and maintenance of liquidity.

The Pool may invest in any investment (security) authorized by RCW 36.29.020 and investments authorized for the Treasurer of the State of Washington by RCW 39.59.020. However, the

maximum maturity of any one instrument purchased for the Pool may not exceed five (5) years to maturity unless matched to a specific cash flow requirement, and the average days to maturity of the pool may not exceed one and one-half (1.5) years.

POOL MANAGEMENT

Treasurer's Investment Strategy Committee

The Treasurer, Deputy Treasurer, Finance Manager and Investment Officer meet frequently (usually weekly) to discuss investment strategies, economic conditions, analysis of yield curve shifts, possible Federal Reserve actions, cash flow forecasts, spreads on various investment instruments, and other relevant information relating to investments.

The current members of the Treasurer's Investment Strategy Committee include:

Alishia Topper, County Treasurer. Ms. Topper was elected Clark County Treasurer in November 2018 and took her oath of office on December 31, 2018. Before being elected Treasurer, Topper worked as the Tax Service Manager for the Clark County Treasurer's Office and was responsible for the billing and collection of \$792 million in taxes and assessments. In addition to her treasury work, Topper was elected to two terms as a Vancouver City Councilmember and resigned her position to serve as Treasurer. Ms. Topper was appointed by Governor Jay Inslee and now serves as a commissioner of the Washington State Housing Finance Commission. Topper also served as Board Chair of Columbia Credit Union, governing over \$1.4 billion in assets. Topper holds a Master of Public Administration degree from Portland State University and two undergraduate degrees from Washington State University.

Sara Lowe, Deputy Treasurer. Ms. Lowe has been the Deputy Treasurer since December, 2015. Ms. Lowe is a graduate of Western Washington University in Bellingham, Washington. Prior to her current position, Ms. Lowe worked for the Clark County Budget Office as a Senior Policy Analyst and the City of Portland as a Principal Financial Analyst. Ms. Lowe also has experience at the state level working for the Employment Security Department as an Operations Manager and the Department of Labor and Industries. Ms. Lowe sits on the County Finance Team, the Deferred Compensation Committee, and the Self Insurance Governing Board.

Amira Ajami, Finance Manager. Ms. Ajami has been with the Treasurer's Office since 2017. She began her tenure as an Accountant on the Cash Management Team and was promoted to Senior Management Analyst and now serves as the Financial Services Manager. Ms. Ajami previously worked at Schiller & Company CPA Firm where she performed tax, audit, and financial statement work. Ms. Ajami graduated from Washington State University Vancouver with a bachelor's degree in accounting and is a licensed certified public accountant (CPA).

Rachel Wilson, Investment Officer. Ms. Wilson has been the Investment Officer for the Treasurer's Office since January 2012. She is a graduate of Portland State University with a Master of Science in Financial Analysis. She received her undergraduate degree from Washington State in Finance & Accounting. Prior to coming to the County, she worked as a financial consultant for several years. Prior to consulting, she was investment advisor in the private sector at which point she held her series 7, 66, and 63 securities licenses. She holds a Certified Public Fund Investment Manager (CPFIM) designation.

Delegation of Authority

Authority to manage the Clark County Investment Program is derived from the Revised Code of Washington (RCWs) in RCW 36.29.020 which authorizes, in part, the following:

- The Treasurer may invest funds in qualifying investments when authorized by the Participants or by the County Finance Committee.
- When not already authorized by laws or ordinances, the Board of County Commissioners, Participants, or the County Finance Committee authorizes the County Treasurer to invest any surplus funds in accordance with the Clark County Investment Policy.

The Clark County Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls and procedures to regulate the activities of all staff in investment matters. The Treasurer shall recommend policy changes, as appropriate, to the County Finance Committee and shall implement such changes in a timely, prudent, and effective manner. No person may engage in an investment transaction except as provided under the terms of the current Investment

Policy and procedures established by the Clark County Treasurer.

The Treasurer delegates to the Deputy Treasurer the responsibility for recommending any changes, deletions, and/or additions, to policy direction, enhancement of the Investment Policy, internal control mechanisms, or modifications of procedures.

The Treasurer delegates to the Finance Manager responsibility of managing the daily investment activities performed by the Investment Officer.

The Finance Manager is also responsible for debt management activities pertaining to fiscal agent payment and account set up for payment of bonds issued involving both principal and interest. Furthermore the position reviews bond resolutions, official statements, preparation of debt related reports, and has interaction with financing team members associated with debt issuance.

The Treasurer delegates to the Investment Officer responsibility for performing all analytical assumptions for developing and implementing investment strategies consistent with economic, market, credit, and liquidity factors to assist in guiding the investment activities. This individual is also responsible for managing the investment portfolio, ensuring that all necessary tasks are performed to account for and safeguard the investments.

Investment Advisor

Clark County may use an Investment Advisor, depending upon budgetary constraints, on an annual basis or based upon a multi-year contract with an annual appropriation clause. This cost will be a component of the investment fee that is assessed based upon a Participant's weighted daily average ownership of Pool shares.

The role of the Investment Advisor is to provide technical advice to the Treasurer and staff in managing the County's investment portfolio. Some of the items the Treasurer requests the Investment Advisor to review include various items such as:

- evaluating the current portfolio and investment strategy, and describing any changes which should be made;

- determining if internal controls, market analysis, credit analysis, portfolio analysis, and reporting practices are adequate;
- proposing Investment benchmarks appropriate to the type of Investment Pool operated; and
- evaluating the Investment Policy and procedures.

The Pool's current Investment Advisor is:

Government Portfolio Advisors
2188 SW Park Place, Suite 100
Portland, OR 97205

Intergovernmental Investment Pool Committee

The Pool encourages participation in discussing investment strategies and objectives through periodic meetings with Participants. The Intergovernmental Investment Pool Committee's (IIPC) purpose is to provide an opportunity to share and distribute information to Participants regarding Pool strategy. The IIPC's meetings also serve as a forum to discuss investment services and to educate Participants on the operations of the Pool along with investment options available. The IIPC is composed of all Pool Participants from the relevant municipal corporations. The IIPC meets once a quarter, generally prior to the County Finance Committee meeting.

Clark County Finance Committee

The Clark County Investment Policy is established by the Clark County Finance Committee consisting of the County Treasurer, the County Auditor, and the Chair of the County Board of Commissioners. This Committee meets quarterly and reviews compliance with the investment policies, strategies, and objectives, as well as the performance of County investments over the prior quarter.

Custodian

All investment transactions shall be conducted on a delivery-versus-payment (DVP) basis, which ensures that securities are deposited at the third-party custodian simultaneous with the release of funds. Securities will be held in a custodial account by a third-party custodian designated by the Treasurer and

evidenced by Safekeeping Receipts. The current custodian is:

Wells Fargo
P.O. Box 2577
Waco, TX 76702-2577

Because they are not actively traded on the financial market, some investments such as Non-negotiable Certificates of Deposit, transactions with the Washington State Local Government Investment Pool, State and Local Government Series Securities, and transactions with financial institutions operating Municipal Investment Accounts are not held by a third-party custodian.

The current commercial bank for the Pool's cash balances is:

Bank of America
805 Broadway
Vancouver, WA 98660

State Auditor

The Treasurer's Office is subject to an annual independent review by the Washington State Auditor of its internal controls and compliance with all state and federal laws and relevant policies and procedures, which includes confirming investment securities. However, the Washington State Auditor is not required to annually audit the Treasurer's Office. Clark County's accounting cycle is on a calendar year basis.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Investment transactions will be conducted with those broker/dealers recognized by the Federal Reserve as primary dealers, non-primary dealers qualified under U.S. Securities and Exchange Commission Rule 15C3-1, the Uniform Net Capital Rule, and who are certified members of the Financial Industry Regulatory Authority and those institutions that are qualified by the State of Washington's Public Deposit Protection Commission (RCW 39.58). The Treasurer will maintain a list of financial institutions authorized to provide investment services.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate:

- audited financial statements;

- proof of Financial Industry Regulatory Authority (FINRA) certification;
- proof of registration with the State of Washington; and
- Broker/dealer questionnaire and certification of having read Clark County's Investment Policy.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer. Audited financial statements will be kept on file for each financial institution and broker/dealer with whom Clark County invests.

AUTHORIZED AND SUITABLE INVESTMENTS

RCWs 36.29.020; 39.58; 39.59.020; 2016 c 152 & 12; and 43.84.080 provide authorization for the Clark County Treasurer to purchase various types of security instruments for the County and Participants.

Certain public fund investments of the Clark County Investment Pool shall be collateralized. In order to anticipate market changes and provide an adequate level of security for these funds, the collateralization level on repurchase agreements and reverse repurchase agreements will be 102% of market value of principal plus accrued interest. Collateral (securities pledged to secure repayment of a borrowing) are defined in RCW 39.58.050 and shall be held in the safekeeping or trust department of a bank acting as a third-party custodian. Generally this collateral consists of U.S. Treasury and Government obligations.

Authorized and suitable investments of the County Pool are listed below, however, for more specific information regarding restrictions on each specific instrument, please refer to the current Investment Policy.

- U.S. Treasury obligations
- U.S. Government Agency obligations
- Supranational Agency Notes
- Banker's Acceptances
- Commercial Paper
- Corporate Bonds
- Non-negotiable Certificates of Deposit
- Repurchase Agreements
- Securities Lending

- Municipal Bonds
- Washington State Local Government Investment Pool

Other investments authorized by law.

DOCUMENTATION OF MARKET PRICE

The Treasurer will follow certain procedures to document that investments are priced at a fair market value in accordance with requirements of the Clark County Investment Policy, (see Section XIV) and in accordance with requirements of the Internal Revenue Code and related rulings and regulations. This includes following practices to avoid making "prohibited payments" or receiving "imputed receipts" (as these terms are used in the applicable U.S. Treasury regulations) that improperly reduce the yield on investments.

These procedures include obtaining at least three bids or offers for all security transactions on the secondary market. The County will accept the offer which provides (a) the highest return within the maturity required; and (b) optimizes the investment objectives of the overall portfolio. When selling a security, the County will select the bid that generates the highest sale price.

INVESTMENT RESTRICTIONS

The Clark County Treasurer's Office is committed to ensuring that safety of principal is maintained as the foremost objective of the investment program. This commitment demands that preservation of principal mitigates two critical risks -- credit and market.

Credit Risk

Credit risk relates to the possibility that a debt issuer (for example: Federal Home Loan Bank, Key Bank, etc.) will default by failing to repay principal and interest in a timely manner. Third party credit rating agencies rate these agencies and financial institutions based on various factors associated with their ability to meet these payments, which includes their risk associated with a potential bankruptcy. The Clark County Investment Pool only invests in securities identified in the current Investment Policy. This reduces the Pool's exposure to credit risk by diversifying the portfolio and limiting the percentage of the total pool that may be invested with any security or issuer.

Market Risk

Market Risk is the risk that the value of a security will increase or decrease as a result of changes in market conditions. It is reduced by limiting the maximum maturity of any single investment to five (5) years (unless the investment is tied to a specific cash flow requirement) Likewise, the average maturity of the Pool's portfolio is one and one-half (1.5) years. Market value fluctuations occur as changes in the general level of interest rates occur based on monetary policy; fiscal policy; and economic, social and political trends of the times. It is recognized in this Information Statement and in the Policy, that in a diversified portfolio, occasional measured losses can occur, and must be considered by the County in its overall return.

Diversification

The Pool's portfolio shall be structured to diversify investments to reduce risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The maximum percentage of the portfolio permitted in each eligible security is as follows:

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P	Ratings Moody's	Ratings Fitch
US Treasury Obligations	100%	None	N/A	N/A	N/A
US Agency Obligations - Primary FHLB, FNMA, FHLMC, FFCB	100%	35%	N/A	N/A	N/A
US Agency Obligations - Secondary FICO, FARMER MAC etc.	10%	5%	AA-	Aa3	AA-
Supranationals	10%	5%	AA-	Aa3	AA-
Municipal Bonds (GO only outside WA)	20%	5%	A-	A3	A-
Corporate Notes	25%*	3% for AA-	A-	A3	A-
Commercial Paper		2% for A-,AA+			
Non-Negotiable Certificates of Deposit	40%	5%	Deposits in PDPC approved banks	Deposits in PDPC approved banks	Deposits in PDPC approved banks
Public Depositories	100%	N/A	Deposits in PDPC approved banks	Deposits in PDPC approved banks	Deposits in PDPC approved banks
Banker's Acceptance	25%	5%	N/A	N/A	N/A
Repurchase Agreements	30%	20%	A-	A3	A-
Registered Warrants	10%	5%	N/A	N/A	N/A
Securities Lending	25%	10%	A-	A3	A-
Washington LGIP	100%	None	N/A	N/A	N/A

*Issuer constraints apply to the combined issues in corporate and commercial paper holdings.

GENERAL POLICIES ON ARBITRAGE REBATE

Tax-exempt Bond Proceeds

The Clark County Investment Pool does qualify as an acceptable commingled fund for arbitrage purposes. The Pool will accept bond proceeds subject to arbitrage rebate. Bond proceeds are accounted for separately in investment subaccounts by fund, specific to each bond issue. Each Participant may be limited to maintaining total principal balances of all of their funds combined, to less than 25% of total principal balances of the entire Pool if they contain any bond proceeds. At the Treasurer's discretion, bond proceeds that cause the total balance to exceed this 25% level may be invested outside of the County Pool for the specific fund.

Each Participant issuing bonds will be required to provide estimated cash flow schedules associated with each bond issue.

The investment fee charged to Pool Participants is not generally considered a "qualified administrative cost" for rebate purposes (in an "external commingled fund"). For Participants that have less than 10% of the total principal balance of the pool, the investment fee is a "qualified administrative cost" for purposed of computing arbitrage rebate. This means that the investment fee cannot be considered a deductible expense for purposes of computing arbitrage rebate for those entities that have more than 10% of the total principal balances of the Pool.

Arbitrage Calculations

The Treasurer's Office contracts for arbitrage services to provide arbitrage calculations for the County and Participants for which it serves as ex-officio Treasurer. The Treasurer's Office will pay for one calculation annually per bond issued. Any additional calculations beyond this will be the Participant's responsibility.

General Policies

To further the objective of providing Participants with a simplified method of arbitrage rebate compliance, the Pool has adopted a recommended set of practices. The Pool (as well as all investments made outside of the Pool) requires that these practices be followed to minimize the Participant's rebate compliance costs. The procedures include the following:

- A Participant may invest all bond proceeds subject to arbitrage rebate in the Pool on the same day that the

bond proceeds are received by the Participant. This will enable the Pool to track the investment and expenditure of these funds. However, if a Participant owns more than 25% of the Pool, investments may be purchased in securities outside of the pool on the day the bond proceeds are received.

- A Participant shall identify all bond proceeds subject to the bond yield restrictions at the time of initial investment. A separate subaccount will be established for each bond issue.
- Federal tax law requires issuers of tax-exempt obligations to make certain rebate payments to the Federal government, or to meet certain expenditure guidelines. If the Participant expects to meet one of the expenditure exceptions, the Participant must notify the Treasurer when making its initial investment so that the Treasurer can provide information regarding the expenditure of the bond proceeds.
- If the Participant expects to make rebate payments, it should note that Federal tax law requires issuers of tax-exempt obligations to meet certain rebate payment requirements at least every five years. However, Participants need to account for their rebate liability on an annual basis. The Treasurer will provide estimates of rebate amounts at any time for the Participant, and the Treasurer will provide a Rebate Calculation Report more often than every five years if requested.
- If the Participant is eligible and has elected to pay a penalty in lieu of making rebate payments, it should notify the Treasurer prior to depositing bond proceeds.
- It is recommended that Participants not draw down the entire bond proceeds account before providing for any rebate requirement or penalty payment. It may be beneficial for Participants to set aside funds for rebate purposes.
- Participants withdrawing one or more funds from the Pool to reinvest outside of the Pool shall receive one dollar (\$1.00) per share, less costs associated with this transaction. To invest outside the pool a Participant must notify the Finance Manager. The County reserves the right to hold back up to 3% of the value of the participants fund for a period of six months, if the

markets or the LGIP is in distress at the time of the full withdrawal.

Participants withdrawing one or more funds 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 business days notice prior to withdrawal.

PERFORMANCE STANDARDS

For purposes of measuring Clark County's Investment Pool performance, a benchmark comparison index will be established for purposes of evaluating Clark County's Investment Pool performance. This benchmark index will be established with the assistance of the Investment Advisor. The Book Value Return is compared to the Washington State LGIP and a nationally recognized short-term index. The Total Return Benchmark will include a customized total return index.

To more fully evaluate the Pool's portfolio performance and to better monitor how the portfolio is reacting to market changes, it is useful to compare performance on a market value or "total return" basis.

Book Value Return

Book Value Return measures the cost at which securities in the portfolio were originally purchased, plus interest income adjusted for realized gains or losses. This measure ignores changes in the fair market value of portfolio holdings.

Total Return

Total Return measures the increase in value of the overall portfolio over a given period of time (including interest earned, realized gain and losses, and fair market value adjustment). Total return therefore evaluates fluctuations in the value of the principal, rather than simply the income produced.

VALUATION OF POOL SHARES

The net asset value (N.A.V.) of shares in the Pool shall be calculated by the Treasurer's staff twice each month. The N.A.V. per share will be calculated on the 15th and the last day of each month, provided these dates are a business day. If one of these dates fall on a non-business day then the previous business day shall be the day the computation is made. (A share is defined as what \$1.00 invested is worth based on the market value of the

portfolio holdings). The N.A.V. per share in the Pool is computed by dividing the total value of the securities and other assets of the Pool, less any liabilities, by the total outstanding shares of the Pool. For example, if the aggregate fair market value of the Pool is \$100,500,000 and the book value of the securities is \$100,000,000, the N.A.V. would be $\$100,500,000 / \$100,000,000$, or \$1.005 per share.

Liabilities include all accrued expenses and fees of the Pool, including fees of the Investment Advisor, Custodian, and others who provide services to the Pool. These expenses are accrued monthly.

The Pool seeks to maintain a N.A.V. per share of \$1.00 per share, but there is no guarantee that the N.A.V. per share will not vary from \$1.00. Neither the Clark County government, nor the Clark County Treasurer's Office will guarantee that if an investment is made of \$1.00 at the time of purchase, that the Participant will receive the \$1.00 back at maturity. The participants of the pool share in the underlying value of the Pool investments and therefore, may be impacted by a decline in market value pricing of the investment holdings.

The Treasurer will periodically monitor the relationship between the amortized cost value per share, and the N.A.V. per share, based upon available indications of market value. The market value basis N.A.V. per share in the Pool may be affected by general changes in interest rates, resulting in increases or decreases in the value of securities held by the Pool.

If the Pool's N.A.V. per share is outside the agreed upon N.A.V. operational band of \$0.985 to \$1.015, the County will sell securities to bring the N.A.V. per share back within the specified band. 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 of the County and Participants.

When the N.A.V. per share operating band is exceeded in either direction and thereby causes a security or securities to be sold to bring the N.A.V. per share back within the operating band, the Investment Officer will report the following to the County Finance Committee, Treasurer's Investment Strategy Committee, and Participants:

- N.A.V. per share originally calculated which was outside

- the operating band;
- Description of security or securities sold;
- Resulting:
 - N.A.V. per share after sale; and
 - Amount of realized gain or loss that will be distributed, in total, at the next distribution date.

To minimize the possible adverse effects of changes in interest rates, and to help maintain a stable N.A.V. per share of \$1.00 per share, the Pool will maintain a dollar-weighted average portfolio maturity of not more than one and one-half (1.5) years.

FAIR MARKET VALUE

GASB 31 requires the reporting of fair market value at least on an annual basis. Therefore at the end of each month, and at any other times deemed appropriate by the Treasurer, the Treasurer's Office shall determine the Fair Market Value (F.M.V.) of the securities making up the Pool. F.M.V. will be reported to the County and Participants each month.

F.M.V. is reported to give Participants an indication of the difference between the carried value of their investments in the Portfolio and the actual market value.

F.M.V. monthly reports broken out by each Fund can be accessed through the Treasurer's Web Portal under the category of Investment Fair Market Value Reports in the Reports section of the Treasurer's Web Portal. Participants not having access to the Treasurer's Web Portal will have their applicable monthly reports reflect the fair market value disclosure via paper reports.

To create these monthly F.M.V. reports, the adjustment to F.M.V. is accounted for on the last day of the month. That monthly entry is then reversed on the first day of the next month since that adjustment is only valid for the day of calculation.

HOW TO OPEN AN ACCOUNT

The Pool is an investment option available to all entities who invest, by law, through the Treasurer and those public entities who sign Investment Services Agreements with the Treasurer. To participate in the Pool, a Participant must enact an ordinance or adopt a resolution, and sign the Investment Services Agreement. Prior to investing any funds in the Pool, the

Investment Services Agreement must be completed and submitted to the Treasurer. Pool Participants are allowed to have multiple accounts and subaccounts.

Participants, where the Treasurer serves as Treasurer or ex-officio Treasurer, will have funds invested in the Pool, in any amount, automatically upon distribution of such receipts to the Participant, or upon deposit by the Participant to the Treasurer's checking account on a next-day basis. Other Participants for which the Treasurer does not serve as Treasurer or ex-officio Treasurer, may either send funds via ACH or wire transfer funds to the Treasurer for investment.

To open an account please contact:

Finance Manager
Clark County Treasurer's Office
P.O. Box 5000
Vancouver, WA 98666-5000
564.397.4456

HOW TO WITHDRAW FUNDS

Participants may withdraw funds on a next-day basis through the Treasurer's Web Portal. Shares in the Pool may be redeemed to cover warrants issued. The Participants who the Clark County Treasurer serves as Treasurer or ex-officio Treasurer, may redeem Pool shares for normal expenditure purposes on a daily basis and will receive one dollar (\$1.00) per share for shares redeemed.

Those entities who are their own Treasurer will be required to give one day's written/email notice of withdrawals from the Pool. The County Treasurer may either transmit funds via ACH or wire transfer such fund to the entity's designated bank account as detailed in the Participant's Investment Services Agreement.

Maintaining Stability/Redemption Fee for Early Withdrawal

All funds invested in the Pool will be immediately available to cover warrants issued by the Participants and for other regular disbursements. However, should a Participant choose to redeem Pool shares for the sole purpose of investing those funds outside the Pool, the Participant shall receive one dollar per share, less costs associated with the transaction.

Participants withdrawing one or more funds 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 business days' notice prior to withdrawal. Costs associated with this transaction include but are not limited to wire transfer fees, safekeeping fees, etc.

INVESTMENT FEE

Pool Participants will be charged an investment fee based on RCW 36.29.024. The average periodic investment fee is currently 3.50 basis points* (0.035%) on an annualized basis, and will be calculated based on the daily principal balance maintained in the Pool by the Participants. For example, if a Participant maintained a daily principal balance of \$1 million in the Pool in a 31 day month, and the investment fee charged was 3.50 basis points, the fund would be charged \$29.17 (\$1 million x .000350 x 30/360).

This rate is determined based upon the actual costs of running the Pool, as set by the Treasurer, and is reviewed annually. The rate may fluctuate due to the actual average principal balances being maintained in the Pool differing from the projected balances.

*This Information Statement may not contain the most recent modification of this fee as the Statement may or may not be updated on an annual basis.

EARNINGS ALLOCATION PROCESS

Interest is allocated 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 the Pool's securities plus/minus realized gains and/or losses on securities sold before their maturity date will be remitted monthly to Pool Participants based upon Participants' weighted daily average ownership of Pool shares.

Interest will be paid based on the last calendar day of each month, and will be automatically reinvested as principal.

REPORTING

All investment activity is reviewed daily by the Finance

Manager. A summary activity report is provided weekly to the Treasurer's Investment Strategy Committee indicating any trends, changes, or forecasts regarding the activity of the Pool's portfolio. In addition, the Deputy Treasurer receives a report for review of each calculation of the N.A.V. per share. On a monthly basis, the Treasurer's Investment Strategy Committee reviews the WA State LGIP's activity and holdings.

Monthly Financial Reports

Monthly financial reports will be presented to all Participants and Fund Managers in the Clark County Investment Pool through the *Treasurer's Web Portal* and generally not in paper format. These reports (Investment Pool Report) reflect:

- total principal balances of the investment pool;
- the book value yield on such investments;
- asset allocation of types of investment securities;
- the average maturity;
- Net Asset Value (N.A.V.) per share as calculated twice monthly
- Security sales caused by operating outside the \$0.985 to \$1.015 band
- The fair market value of entire Pool;
- the performance on a **total return basis**; and
- appropriate benchmarks for comparison as recommended by the Investment Advisor.

Quarterly Financial Reports

A quarterly report to the County Finance Committee will disclose the following:

- complete portfolio listings as of the end of the quarter for the entire portfolio, and for the Pool;
- the fair market value of each security compared to its book value;

- portfolio summary by type;
- interest earnings;
- portfolio summary by issuer such as Federal Home Loan Bank, Washington State LGIP, individual CD, etc.;
- economic analysis;
- allocation of the entire portfolio and the Pool portfolio by maturity sectors;
- performance measurement on a total return basis, and a comparison to applicable benchmarks as recommended by the Investment Advisor; and
- the market value based **N.A.V. per share** reported for all Pool shares, at quarter end.

The Investment Advisor also will provide a quarterly independent review of compliance with the Investment Policy. The report will include, among other items, a strategy for duration of securities and recommendations of security diversification as well as performance benchmark results.

Minutes of all County Finance Committee quarterly meetings will be maintained for historical purposes, by the Secretary of the County Finance Committee (County Auditor). Minutes of the Intergovernmental Pool Advisory Committee will be maintained by the County Treasurer's Office.

Annual Financial Reports

The Treasurer's staff is responsible for providing the information necessary to complete the Deposits and Investment Disclosure Notes in the Clark County Comprehensive Annual Financial Report, and will prepare any other reports as required by state law, state auditor, the Treasurer, or the County Finance Committee.

INDIVIDUAL PORTFOLIOS OUTSIDE THE POOL

The Clark County Treasurer may invest bond proceeds for those issuers having a greater than 25% participation in the Pool, separately, in specific investment(s) in the name of the County on behalf of the Participant, for federal arbitrage tax reasons.

Individual portfolios are designed to complement investments in the Pool by providing specific investments for a portion or all of bond proceeds issued. They may be deemed appropriate for Participants with relatively lengthy project draw down schedules, or for Participants that wish to match expected construction draws more closely with investment maturities to fix earnings on some or all of their funds.

Individual portfolios may also be appropriate for the investment of debt service reserve funds, and certain funds subject to investment yield restrictions. The Treasurer will assist each Participant in evaluating the possible use of an Individual Portfolio. All costs associated with any Individual Portfolio will be charged in accordance with applicable RCWs.

Attached hereto and made a part of this information statement is the most recently adopted Clark County Investment Policy and a sample Investment Services Agreement, which each participant in the pool must sign prior to participation in the pool.