



King County

Dow Constantine

King County Executive

401 Fifth Avenue, Suite 800

Seattle, WA 98104-1818

206-263-9600 Fax 206-296-0194

TTY Relay: 711

www.kingcounty.gov

May 2, 2024

The Honorable Dave Upthegrove
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Upthegrove:

This letter transmits a proposed Ordinance that, if enacted, would authorize the issuance of senior lien bonds (bonds) on behalf of the Wastewater Treatment Division (WTD). It would authorize the issuance of: (1) new-money bonds to finance the WTD capital program through 2026, which is the effective term of the proposed Ordinance; and (2) refunding bonds to refinance the outstanding debt of WTD provided certain targeted debt service savings thresholds can be achieved.

The proposed authorization for new-money bonds to provide funding for the WTD capital program is limited to the amount of \$1.2 billion. This amount is projected to be sufficient to accommodate WTD's bond financing needs through 2026 and to allow for the signing of additional loan commitments from the US Environmental Protection Agency under the Water Infrastructure Finance and Innovation Act (WIFIA loans), which are also issued as senior lien bonds, during the same timeframe. Consistent with previous WTD bond authorizations, there is no dollar limitation on the proposed authorization for refunding bonds to ensure that the County can expeditiously take advantage of favorable market conditions and maximize debt service savings for ratepayers. The issuance of any refunding bonds will only be undertaken when market conditions permit the County to achieve target debt service savings.

The bonds can be sold as either sewer revenue bonds or so-called 'double-barreled' limited tax general obligation bonds (LTGO bonds), which utilize net sewer revenues as the primary source of repayment with the added security to bondholders of pledging the full faith and credit of the County's General Fund. Prior to any issue, the County's Financial Advisor will advise the Finance Director on whether to issue LTGO bonds.

The Honorable Dave Upthegrove

May 2, 2024

Page 2

Consistent with previous WTD bond authorizations, the proposed Ordinance delegates authority to the director of the Finance and Business Operations Division (Finance Director) to approve future WTD bond sales. The primary benefit of continuing to grant such authority is not having to limit bond sales to those days when the full Council meets, thereby increasing the number of days on which bonds can be sold throughout the year. This has provided more flexibility for the County to take advantage of favorable market opportunities.

The exact terms of each series of bonds will be approved by the Finance Director in consultation with the County's Financial Advisor on the day of each sale, subject to such terms conforming to certain parameters identified in the proposed Ordinance. The Finance Director will provide an annual report to the County Council and the Executive Finance Committee describing each series of bonds sold pursuant to this proposed Ordinance.

I respectfully request the Council's consideration of this proposed Ordinance by mid-June 2024. The proposed Ordinance includes an effective term through December 31, 2026. Although the intent is that a new future bond authorization request will be adopted by June 30, 2026, in conjunction with the adoption of WTD's monthly sewer rate for 2027, the December 31, 2026 date provides flexibility to ensure no lapse in authority to issue bonds if the future bond authorization request is delayed and to accommodate the possible forward delivery of bonds.

Thank you for your consideration of this proposed Ordinance. If you have any questions, please contact Nigel Lewis, Debt Manager, Finance and Business Operations Division, at 206-263-2857.

Sincerely,



for

Dow Constantine
King County Executive

The Honorable Dave Upthegrove

May 2, 2024

Page 2

Enclosures

cc: King County Councilmembers

ATTN: Stephanie Cirkovich, Chief of Staff

Melani Hay, Clerk of the Council

Karan Gill, Chief of Staff, Office of the Executive

Penny Lipsou, Council Relations Director, Office of the Executive

Dwight Dively, Director, Office of Performance, Strategy and Budget

Lorraine Patterson-Harris, County Administrative Officer, Department of Executive

Services (DES)

John Taylor, Director, Department of Natural Resources and Parks

Ken Guy, Director, Finance and Business Operations Division, DES