



King County | Office of the Executive

Executive Girmay Zahilay

Chinook Building, CNK-EX-0800
401 Fifth Avenue, Suite 800
Seattle, WA 98104-2391

April 24, 2026

The Honorable Sarah Perry
Chair, King County Council
Room 1200
COURTHOUSE

Dear Councilmember Perry:

This letter transmits a proposed Ordinance that would, if enacted, authorize the issuance of senior lien bonds (bonds) on behalf of the King County Department of Natural Resources (DNRP) Wastewater Treatment Division (WTD). It would authorize the issuance of: (1) new-money bonds to finance the WTD capital program through the 2026-2027 biennial budget which is the effective term of the proposed Ordinance; and (2) refunding bonds to refinance outstanding debt of WTD provided certain 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 \$1.0 billion. This amount is projected to be sufficient to accommodate WTD's bond financing needs through 2027 and to allow for the incurrence 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 take advantage of favorable market conditions as available 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 its established debt service savings targets.

The bonds can be sold as either sewer revenue bonds or as 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 the most cost-effective type of debt for any proposed issuance of bonds.

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 expanding the number of days on which bonds can be sold throughout the year, as no Council meeting is required. This has provided more flexibility for the County to take advantage of favorable market opportunities.

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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 bond 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 request the Council's action on this proposed Ordinance by September 1, 2026 meet the planned fall WTD bond financing schedule. The proposed Ordinance includes an effective term through December 31, 2027. The intent is that a new future bond authorization request will be adopted in the fall of 2027 in conjunction with the adoption of WTD's 2028-29 biennial budget.

Thank you for your consideration of this proposed Ordinance. If your staff have any questions, please contact Ken Guy, Director, Finance and Business Operations Division of the Department of Executive Services, at 206-263-9254.

Sincerely,



for

Girmay Zahilay
King County Executive

Enclosure

cc: King County Councilmembers

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ATTN: Stephanie Cirkovich, Chief of Staff, King County Council
Melani Hay, Clerk of the Council
Karan Gill, Deputy Executive, Office of the Executive
Jasmin Weaver, Chief of Staff, Office of the Executive
Hyeok Kim, Chief Operating Officer, Office of the Executive
Sierra Howlett Browne, Director of Government Relations, Office of the Executive
Garrett Holbrook, Council Relations Manager, Office of the Executive
Aaron Rubardt, Chief Budget Officer, Office of the Executive
Lorraine Patterson-Harris, County Administrative Officer, Department of Executive Services (DES)
Ken Guy, Director, Finance and Business Operations Division (FBOD), DES
Danielle Hinz, Deputy Director, FBOD, DES
Carol Basile, Public Finance Officer, FBOD, DES