



King County

Dow Constantine

King County Executive

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March 30, 2021

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

Dear Councilmember Balducci:

This letter transmits a proposed Ordinance that, if enacted would authorize the issuance of up to \$806 million of limited tax general obligation (LTGO) bonds to provide funding for County capital projects (the “Project Bonds”) and to refund outstanding LTGO bonds in order to reduce future debts service (the “Refunding Bonds”). The proposed Ordinance also delegates authority to the King County Finance Director to sell the bonds based on consultation with bond counsel and the County’s Financial Advisor on the day of the sale, subject to terms set forth in the proposed Ordinance.

The specific projects to be financed by the bonds are identified in the table below. With the exception of the Jail Management System Project, the programs and projects listed below have previously been approved by Council as noted:

Bond Ordinance Projects

<u>Program/Project Name</u>	<u>Total (in millions)</u>	<u>Approved Via Ordinance</u>
Affordable Housing Projects	\$300.0	19210
Transit Oriented Development Projects	\$187.0	19210
Transit Oriented Development Reserve	\$15.5	19210
Solid Waste Capital Improvements	\$197.8	19210
Conservation Futures Land Acquisitions	\$40.0	18835&19210
Transit Infrastructure Projects	\$18.8	19210
MRJC Facility Improvement Projects	\$17.1	19210
Bridge Replacement Projects	\$6.3	19210
Jail Management System Project	\$3.0	NA
<i>Project Total</i>	\$785.5	
Allowance for financing considerations	\$20.5	
<i>Total authorization requested</i>	\$806.0	

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Proposed legislation for the Jail Management System Project is expected to be transmitted in June 2021. Issuance of bonds for this project authorized pursuant to this proposed ordinance would not be undertaken until the Council approves project appropriation.

The allowance for financial considerations requested in the proposed Ordinance is comprised of a conservative estimate of 1 percent for the costs of issuance plus a contingency if the bonds are sold at a discount to their par value. Given the low current level of interest rates, however, the bonds are expected to be sold either at par or with large premiums, which means that the contingency for paying discounts will likely not be necessary.

In addition, the proposed Ordinance authorizes the issuance of Refunding Bonds to refinance any outstanding LTGO bonds in order to achieve future debt service savings that meet certain target levels as identified in the Adopted Debt Management Policy (Motion 12660). Given the unpredictable nature of future interest rates, as well as the potential for federal legislation that would re-authorize tax-advantaged advance refundings, it is not possible to estimate the amount of the Refunding Bonds. As such, there is no “not-to-exceed” principal amount for Refunding Bonds included in the proposed Ordinance.

The proposed Ordinance delegates authority to the King County Finance Director to approve the sale of bonds based on consultation with bond counsel and the County’s Financial Advisor, subject to terms set forth in the ordinance, rather than by a motion that must be adopted by the King County Council on the day of the sale as is done currently. This proposed delegation of authority to the King County Finance Director increases the number of days in a year when the County can sell bonds from approximately 30 to over 100, as currently bonds can only be sold on days of regular Council meetings. The current limitation increases the risk that bonds may have to be sold in highly volatile bond markets not favorable to the County.

The County’s financial advisor notes that the State of Washington, the City of Seattle, and most other large jurisdictions in the state provide delegated authority. The proposed Ordinance requires the King County Finance Director to provide an annual report to the Council and the Executive Finance Committee describing each series of bonds sold during the prior calendar year.

The first issue of bonds to be sold pursuant to this proposed Ordinance is currently planned for May or June of 2021. Accordingly, I respectfully request the Council’s review and adoption of this proposed ordinance by the end of April.

The enclosed proposed Ordinance reflects the “efficient and accountable government” goal of King County’s Strategic Plan because it exercises sound financial management and risk management while building the County’s long-term fiscal strength.

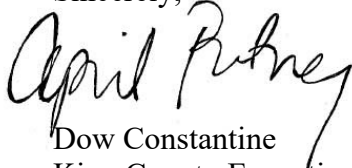
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If your staff have questions about the proposed ordinance, please contact Ken Guy, Director, Finance and Business Operations Division (FBOD) at 206-263-9254.

Sincerely,

 for
Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers

ATTN: Carolyn Busch, Chief of Staff

Melani Pedroza, Clerk of the Council

Shannon Braddock, Deputy Chief of Staff, Office of the Executive

Karan Gill, Director, Council Relations, Office of the Executive

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

Caroline Whalen, County Administrative Officer, Department of Executive Services (DES)

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