



King County

Dow Constantine

King County Executive

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www.kingcounty.gov

April 27, 2023

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 amend Ordinance 19377 to approve long term loans from the U.S. Environmental Protection Agency (EPA) on behalf of the Wastewater Treatment Division (WTD) of the Department of Natural Resources and Parks.

Ordinance 19377 authorized the issuance of senior lien debt to finance the WTD capital improvement program and delegated authority to the Director of the Finance and Business Operations Division (the Finance Director) for the subsequent sale of such bonds. The delegated authority was conditioned, however, upon the bond sales meeting certain parameters identified in Ordinance 19377. These sale parameters include a requirement that the final maturity date for any bonds issued for project purposes is no later than 31 years after their date of issuance.

WTD now has the opportunity to enter into an agreement with the EPA for a master loan program under the Water Infrastructure Finance & Innovation Act (WIFIA). This master loan program would be comprised of three separate loans totaling approximately \$467 million (the WIFIA loans) to provide financing for various previously approved projects within the WTD capital improvement program. As potential substitutes for traditional debt financing, the WIFIA loans will have the same lien on sewer revenues as WTD's other outstanding senior lien revenue bonds and will be entered into pursuant to the authorization under Ordinance 19377.

In addition to the relatively favorable interest rates that are locked in at closing, which provide an effective hedge against higher rates during the construction period, the WIFIA loans can be repaid over a longer time period than is typical for other municipal bonds. Specifically, the proposed terms for the new WIFIA loans will be 35 years. To permit the Finance Director to approve these WIFIA loans pursuant to the delegated authority under Ordinance 19377, the proposed amendment would extend the maximum final maturity date

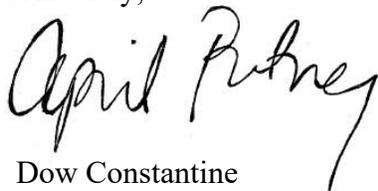
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to allow a term that is 35 years from the substantial completion date of the applicable project (but in no event longer than the 40-year statutory limit).

The proposed Ordinance also clarifies how other terms of Ordinance 19377 apply in the case of a master WIFIA loan agreement structure, where individual loans are executed and drawn upon during the term of the master agreement.

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, at 206-263-9254.

Sincerely,

 for

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
ATTN: Stephanie Cirkovich, Chief of Staff
Melani Pedroza, Clerk of the Council
Shannon Braddock, Chief of Staff, Office of the Executive
Karan Gill, Deputy Chief of Staff, Office of the Executive
Mina Hashemi, Council Relations Director, Office of the Executive
Dwight Dively, Director, Office of Performance, Strategy and Budget
Caroline Whalen, County Administrative Officer, Department of Executive Services (DES)
Christie True, Director, Department of Natural Resources and Parks
Ken Guy, Director, Finance and Business Operations Division, DES