

AGENDA
EXECUTIVE FINANCE COMMITTEE (EFC)

August 28, 2025 at 11:00 A.M.

Location: Teams Meeting: 425-653-6586, Conference ID 314484093#

Committee Members: Councilmember Rod Dembowski, Chair; Dwight Dively, Director PSB; Ken Guy, Director FBOD; Lorraine Patterson-Harris, County Administrative Officer

Staff: Carol Basile, Public Finance Officer; Mike Smith, Chief Investment Officer; Ian Hutchinson, Senior Portfolio Manager; BJ McQuade Portfolio Manager; Eben Sutton, Chief Accountant

AGENDA ITEMS

1. **Action:** Approval of Minutes of the July 24, 2025 EFC meeting – *Page 2*
2. **Action:** Interfund Loan of Surplus King County Cash (Chapter 4.24 of KC Code): Approve the request from the King County FMD Long-Term Lease Fund 3310 to increase an existing interfund loan for \$25 million to \$30 million and to extend the loan's term to December 31, 2026. Repayment will come from federal grants from FEMA, CLFR, and CARES ACT. – *Page 3*
Cristina González, Deputy Director - Strategic Planning, FMD
Scott Warnock, Finance Manager, FMD
3. **Action:** Interfund Loan of Surplus King County Cash (Chapter 4.24 of KC Code): Approve the request from the King County Solid Waste Construction Fund 3901 to borrow up to \$70 million through December 31, 2025. Repayment will come from bond proceeds. – *Page 6*
Lindy Honaker, Special Projects Manager II, SWD
Dave Pierce, Enterprise Services Manager, SWD

OTHER BUSINESS

ADJOURNMENT

MINUTES
EXECUTIVE FINANCE COMMITTEE (EFC)
July 24, 2025

The EFC Meeting was held by Teams on July 24, 2025 at 11 a.m. and adjourned at 11:35 a.m.

Members Present

Rod Dembowski
Ken Guy
Tom Koney (for
Lorraine Patterson-Harris)
Dwight Dively

Others Present

Lizbeth Martin-Mahar
April Sanders
Robert Shelley, Piper
Tyler Benson, Piper
Toby Tobler, Pacifica
Austin Gais, PFM
Ryan Kacher, PFM
Nav Otal, IPAC
Danielle Hinz

**Others Present -
Continued**

Carol Basile
Mike Smith
Ian Hutchinson
Jenifer Merkel
Eben Sutton
Alexia Lin
Nora Bennett

Members Absent

Lorraine Patterson-Harris

ACTION ITEMS

1. **Minutes** – The Committee unanimously approved the Minutes of the April 24, 2025 Executive Finance Committee meeting.
2. **“Official Intent” Motion**: The Committee unanimously approved the “Official Intent” reimbursement motion concerning the issuance of bonds in an aggregate principal amount of \$85,000,000 to undertake the projects collectively known as the “Additional 2025 Proposed Bond Financed Projects”

BRIEFINGS

1. **Quarterly Review of Investment Pool** – Austin Gais of PFM presented the second quarter review of the King County Investment Pool. He provided a review of economic and market conditions during the last quarter, and he noted that market rates imply 50 basis points of additional cuts in 2025. He observed that there were still uncertainties surrounding tariffs, employment strength, and fiscal policy. He concluded by stating that the investment pool appears to provide ample liquidity, is well diversified, is of sound credit quality, and that it continues to be in compliance with all policy requirements.
2. **Investment Pool Performance and Balance Trends** – The pool distribution yield was 4.59% in June and the average pool balance was \$10.4 billion, which was \$200 million above last year’s average balance. In comparison to its custom benchmark, the pool’s performance was 38 basis points above the benchmark’s yield.
3. **Interfund Borrowing** – The Committee was provided a review of County and non-county funds during June. It was noted that County leadership was working with the KC Regional Homelessness Authority on budget decisions to strengthen their future financial condition.

OTHER BUSINESS

None



King County

Facilities Management Division

W. Drew Zimmerman, Acting Director

Department of Executive Services

401 Fifth Ave, Suite 900

Seattle, WA 98104

Phone: (206) 477-9352

Fax: (206) 205-5070

July 25, 2025

TO: Mike Smith, Chief Investment Officer, Finance & Business Operations Division

FM: Drew Zimmerman, Acting Division Director, Facilities Management Division

RE: Request for Executive Finance Committee Approval of Interfund Borrowing

The purpose of this memorandum is to request the Executive Finance Committee's approval to extend an already existing interfund loan previously extended to the Facilities Management Division's Long-Term Lease ("LTL") Fund 3310 that expired on June 25, 2025 to December 31, 2026. We are seeking to extend this loan, because the payments owed to the LTL Fund for services provided during COVID-19 and other events since then eligible for FEMA reimbursement remain unpaid, and are now more than \$14 million, and continue to not be paid, despite on-going collection efforts.

When initially requested, the FMD Long Term Lease fund needed this loan to cover the negative cash balance caused by the initial FEMA non-payments. Had normal FEMA reimbursement timing occurred, these funds would have been received some time ago, and we would have restored the LTL fund to a positive cash position. However, as the cash deficit continues, and the debt service on the loan continues, the normal operating results of the LTL fund not able to keep up with both operating costs and the debt service payments on the interfund loan. Ongoing failure to receive the FEMA reimbursement, continues to cause negative cash balances that are growing, as the interest accruing on the negative cash balance grows and the cash shortfall expands.

Combined with the hard to predict political environment in Washington DC, release of these past due FEMA related funds may continue to be delayed into the near future. Therefore, we respectfully request your assistance in securing an extension of our existing loan, with a slightly larger ceiling amount, needed as the cash deficit increases. The debt service on the negative cash balance will be paid down upon the receipt of these FEMA funds, however, the problem has grown, such that full collection of the FEMA reimbursement, no longer will fully satisfy the entire negative amount, so although we assume that FEMA will pay before the end of 2025, a small amount of negative cash flow will continue, into 2026, during such time frame our cash flow projections, (which are attached) clearly show a positive cash balance before the middle of 2026, even including the debt service payment due in June of 2026.

Below is the summary of the anticipated revenues and expenses to the FMD Long Term Lease fund 3310 starting with the May 31, 2025, of (\$16,058,766.05). This projection of our remaining 2025 operating activity and the subsequent 2026 period were based on our actual year to date positive operating margins achieved by the LTL fund for the first five months of 2025.


Projection for the Long-Term Lease Fund 3310

Beginning Balance as of 6-1-25	(16,058,766)
Estimated Fund Operating Cash Flow through 12-31-25	1,027,000
Payment Received from FEMA 12-31-25	14,572,834
Payment of Interfund Loan Interest on 12-31-25	(382,853)
Projected Fund Balance at 1-1-26	<hr/> (841,586)
Cash Flow for Year Ending 12-31-26	1,747,200
Interfund Loan Interest through 12-31-26	(8,538)
Projected Fund Balance at 12-31-26	<hr/> <hr/> 897,076

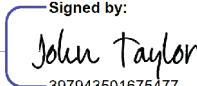
I appreciate your consideration of this request. Please feel free to contact Cristina Gonzalez, Deputy Director Strategy, FMD, at (206) 848-0165 if you have any questions or need additional information.

Cc: Cristina Gonzalez, Deputy Director Strategy, FMD
Chris McGowan, Executive Analyst, PSB
FMD Finance

APPENDIX III – COUNTY FUND APPLICATION FORM

 King County COUNTY FUND APPLICATION FOR INTERFUND LOAN		
COUNTY FUND MANAGER CONTACT INFORMATION		
Fund name and number: Long Term Lease Fund / 000003310		
Fund Manager: Scott Warnock		Fund Manager Title: Finance & Administrative Services Manager/Funding Strategist
Contact name (if different): Sandy Ou		Contact title: Business & Finance Officer III
Phone: 206-263-1473	Fax:	
BORROWING REQUEST DETAILS		
Fund name: FMD Long-Term Lease		Fund number: 000003310
Term of loan requested (projected start and end date): June 30, 2025 – December 31, 2026		
Is this a new loan request or a request to modify an existing loan? This is a request to extend an existing loan to December 31, 2026		
Has this loan request been reviewed by Office of Performance, Strategy and Budget? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If "Yes", list the name of the reviewer: Chris McGowan		
If this a "Funds Transfer Loan" as defined in Section 5.9 of the County's Interfund Loan Policy complete Part A. otherwise complete Part B		
PART A		
Provide both the fund name(s) and fund number(s) of the lending fund(s).		
Who has determined whether the lending fund(s) designated above is legally able to finance this loan?		
PART B		
For "Automated Interest Loans" as defined in Section 5.3 list the maximum negative cash balance forecasted during term of loan : \$30,000,000		
ADDITIONAL INFORMATION		
<u>Why is this borrowing necessary?</u> To address the projected negative cash balance due to timing of reimbursement received from federal grants: FEMA, CLFR, CRF.		
<u>What will be the source of the funds to repay the interfund loan?</u> Federal grants FEMA, CLFR, and CARES ACT		
If the interfund loan involves a project that is or will be related to a bond issue, has this interfund loan proposal been reviewed by the Treasury Operations Compliance Officer? Yes _____ No _____ Not bond issue. Nigel Lewis		
FUND MANAGER AUTHORIZED SIGNATURE (REQUESTING INTERFUND LOAN)		
Signed by: Signature: Scott Warnock <small>07FF29A0AF6A4EC...</small> Print Name: Scott Warnock Title: FMD - Finance Manager Date: 7/25/2025		
Please include with this application a cash flow forecast showing the fund's cash needs over the expected borrowing period.		
Interfund loan approved? Yes <input type="checkbox"/> No <input type="checkbox"/>		Date Approved/Denied:
Maximum interfund loan amount approved \$		Repayment date:
Other special loan terms or comments:		

APPENDIX III – COUNTY FUND APPLICATION FORM

 King County COUNTY FUND APPLICATION FOR INTERFUND LOAN		
COUNTY FUND MANAGER CONTACT INFORMATION		
Fund name and number: 3901 – Solid Waste Construction Fund		
Fund Manager: John Taylor	Fund Manager Title: Director, Natural Resources and Parks	
Contact name (if different): David Pierce	Contact title: Enterprise Services Manager, Solid Waste	
Phone: (206)263-5883	Fax:	
BORROWING REQUEST DETAILS		
Fund name: Solid Waste Construction	Fund number: 3901	
Term of loan requested (projected start and end date): 8/28/2025 – 12/31/2025		
Is this a new loan request or a request to modify an existing loan? New Loan		
Has this loan request been reviewed by Office of Performance, Strategy and Budget? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If "Yes", list the name of the reviewer: Elka Peterson Horner		
If this a "Funds Transfer Loan" as defined in Section 5.9 of the County's Interfund Loan Policy complete Part A. otherwise complete Part B		
PART A		
Provide both the fund name(s) and fund number(s) of the lending fund(s).		
Who has determined whether the lending fund(s) designated above is legally able to finance this loan?		
PART B		
For "Automated Interest Loans" as defined in Section 5.3 list the maximum negative cash balance forecasted during term of loan : -\$70,000,000		
ADDITIONAL INFORMATION		
<u>Why is this borrowing necessary?</u> Under a settlement agreement, the County is purchasing the RNG Processing Facility located at Cedar Hills Regional Landfill from Bio Energy (Washington) (BEW) for \$70M. The agreement stipulates that the loan must close on or before 8/29/2025. The Solid Waste Division intends to issue bonds to cover the acquisition price, but the next bond issuance is not schedule until December. Because of the nature of the asset, the County will need to use taxable bonds to fund the purchase.		
<u>What will be the source of the funds to repay the interfund loan?</u> Once operational, the plant will generate sufficient revenue to cover the debt service associated with the acquisition. The plant will be recommissioned after purchase and is expected to be operational September 2025. A purchase and sale agreement for the gas and environmental attributes to Puget Sound Energy is expected to be approved by 9/12/2025.		
If the interfund loan involves a project that is or will be related to a bond issue, has this interfund loan proposal been reviewed by the Treasury Operations Compliance Officer? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
FUND MANAGER AUTHORIZED SIGNATURE (REQUESTING INTERFUND LOAN)		
Signature:	 Signed by: 397943501675477...	
Print Name: John Taylor		
Title: Director, DNRP		
Date: 8/22/2025		
Please include with this application a cash flow forecast showing the fund's cash needs over the expected borrowing period.		
Interfund loan approved? Yes <input type="checkbox"/> No <input type="checkbox"/>	Date Approved/Denied:	Loan interest rate:

Item	Aug	Sept	Oct	Nov	Dec
Fund 3901 Balance	138,011	(69,849,327)	(69,836,664)	(69,824,002)	(69,811,339)
Cash Transfers (4040)	7,134	49,939	71,341	64,207	178,352
Interest Earnings (Est)	12,663	12,663	12,663	12,663	12,663
Taxable Bond Issuance					70,000,000
Other Cash Project	(7,134)	(49,939)	(71,341)	(64,207)	(178,352)
RNG Acquisition	(70,000,000)				
Projected Cash Flow	(69,849,327)	(69,836,664)	(69,824,002)	(69,811,339)	201,324