

AGENDA
EXECUTIVE FINANCE COMMITTEE

October 17, 2019 at 2:00 P.M.

Location: Treasury Conference Room, KC Admin. Bldg., Room 610 (6th Floor)

Committee Members: Councilmember Claudia Balducci, Chair, Dwight Dively, Director PSB; Ken Guy, Director FBOD; Caroline Whalen, County Administrative Officer

Staff: Carol Basile, Treasury Manager; Mike Smith, Chief Investment Officer; Christine Denis, Portfolio Manager; & Eben Sutton, Financial Services Administrator

AGENDA ITEMS

1. **Action:** Approval of Minutes of the September 19, 2019 Executive Finance Committee meeting (page 2)
2. **Briefing:** Quarterly portfolio review of the King County Investment Pool by PFM (Handout)
John W. Molloy, CFA, Managing Director, PFM Asset Management LLC (By phone)
3. **Action:** Approval of the “Official Intent” reimbursement motion concerning the issuance of bonds in an aggregate principal amount of \$35,000,000 to undertake the King County Land Conservation Initiative (page 3)
Nigel Lewis, Senior Debt Analyst
4. **Briefing:** Redline Version of Written Procedures for Post-Bond Issuance Compliance with Federal Tax Laws (pages 4-33)
Nigel Lewis, Senior Debt Analyst
5. **Action:** Approval of Written Procedures for Post-Bond Issuance Compliance with Federal Tax Laws (pages 34-44)
Nigel Lewis, Senior Debt Analyst
6. **Briefing:** September 2019 Investment Summary
 - Issuer Diversification , Credit Exposure and Compliance Report (page 54)
 - King County Investment Pool Yield & Duration versus Custom Benchmark (page 46)
 - Detailed Transaction Report - Investment Activity Summary (page 47)
 - King County Investment Pool Asset Allocation (page 48)
 - King County Investment Pool Maturity Distribution (page 49)
 - Investment Performance Review & Impaired Pool Summary (pages 50-59)
 - Interest Rate Summary (page 60)*Mike Smith, Chief Investment Officer*
7. **Action:** Committee’s direction for investment of idle cash balances of specific County funds not needed for immediate expenditure
Staff Recommendation: Direct the Treasury Section to target the maximum average duration of the King County Investment Pool at the 0.7 to 1.2 year range.
Mike Smith, Chief Investment Officer
8. **Briefing:** Interfund Borrowing for September 2019 (Page 61)
 - Interfund Interest Report – County Tier 2 Funds
 - Pooled Tier 1 County Funds with Negative Cash Balances
 - Excluded County Funds with Negative Balances – Tier 2 Funds Not Paying Interest*Cheryl Lee, Chief Accountant*
 - Interfund Borrowing by District & Non-County Funds (page 62)
 - Interfund Borrowings – EFC Approved Loans (page 63)*Mike Smith, Chief Investment Officer*

OTHER BUSINESS

ADJOURNMENT

MINUTES
EXECUTIVE FINANCE COMMITTEE
September 19, 2019

The Executive Finance Committee (EFC) Meeting was held September 19, 2019 at 2:00 and adjourned at 3:00 p.m.

<u>Members Present</u>	<u>Others Present</u>	<u>Others Present -</u> <u>Continued</u>	<u>Members Absent</u>
Claudia Balducci	Patrick Hamacher	Gary Prince	
Aaron Rubardt (for	Nigel Lewis	Cheryl Lee	
Dwight Dively)	Stacey Lewis, Pacifica Law Grp	Carol Basile	
Caroline Whalen	Chris McGowan	Mike Smith	
Ken Guy	Steve Hamilton, IPAC/NUD	Christine Denis	
	Dan Kaplan, IPAC/DNPR	Jenifer Merkel	
	Jennifer Lawson, U.S. Bank	Peggy Pahl	
	Kimbra Wellock, U.S. Bank	Jennifer Atchison	
	Nicole Bascomb, U.S. Bank		

ACTION ITEMS

1. **Minutes** – The Committee voted 3 to 0 to approve the Minutes of the August 18, 2019 Executive Finance Committee meeting.
2. **“Official Intent” Motion** – The Committee voted 4 to 0 to approve the motion documenting the County’s intent to obtain financing in the amount of \$75,000,000 to undertake the Capital Improvement Program of the Water Quality Enterprise Fund. This motion does not bind the Council or Executive to a certain policy. It is necessary to meet Internal Revenue System documentation requirements.
3. **Interfund Loan of Surplus King County Cash (Chapter 4.24 of KC Code)** – The Committee voted 4 to 0 to approve the request from the King County Water Quality Fund 3611 to borrow up to \$35 million through October 31, 2019. This loan will be repaid by bond proceeds.
4. **Approval of Written Procedures for Post-Bond Issuance Compliance with Federal Tax Laws** – The Committee delayed the vote on this action until the October meeting.
5. **Investment Direction** – The Committee voted 4 to 0 to approve the Treasury recommendation to maintain the maximum effective duration of the King County Investment Pool in the 0.8 to 1.3 year range.

BRIEFINGS

1. **Community Reinvestment Plan for King County** – U.S. Bank presented their report summarizing its commitment to providing lending, investment, and services to low-to-moderate income people within King County. They also discussed their commitment to reach limited English proficient populations. In addition, the representatives from U.S. Bank discussed the various community development investments that it has sponsored, and they noted that the bank’s CRA rating had improved to “Outstanding”. Finally, they addressed the Members’ questions, and they promised to follow up on any questions that the Members might have.
2. **Post Bond Issuance Compliance Report** – The Committee was presented the 2018 compliance report. The Committee was briefed on the subject areas covered by the report: private use issues, IRS audits, spend-down of proceeds, arbitrage, training, and revised procedures.
3. **August 2019 Investment Summary** – The Committee was provided a summary report showing the pool was in compliance with all its policies, reviewed investment performance, and monthly investment activity. In addition, the Committee reviewed the distribution of investment holdings by maturity, security type, credit rating, and issuer. The Committee was updated on the payments received from the VFNC Trust investment. Finally, the Committee was briefed on the current interest rate and economic environment.
4. **August 2019 Interfund Borrowing** – The Committee was provided a review of both County and non-county interfund borrowing.

OTHER BUSINESS

NONE


Mike Smith, Chief Investment Officer

EXECUTIVE FINANCE COMMITTEE
“OFFICIAL INTENT” REIMBURSEMENT MOTION

King County, Washington (the “County”) has determined to undertake the King County Land Conservation Initiative Project (the “Project”).

The County reasonably expects to incur indebtedness and to issue bonds in a maximum aggregate principal amount of \$35,000,000 (the “Obligations”) to obtain financing for all or a portion of the costs of the Project and, prior to the issuance of the Obligations, to fund all or a portion of the costs of the Project through current cash balance available in the Conservation Futures Fund (#3151).

NOW THEREFORE, on motion duly made and adopted, the Executive Finance Committee declares it to be the official intent of the County, for the purpose of complying with the applicable provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder with respect to qualification of reimbursement allocations as expenditures of Obligation proceeds, that expenditures in furtherance of the Project made by the County from the Conservation Futures Fund (#3151), or its successor, prior to the issuance of the Obligations are made with the intent that such expenditures shall be reimbursed from the proceeds of the Obligations, when issued.

KING COUNTY, WASHINGTON
WRITTEN PROCEDURES FOR POST-BOND ISSUANCE COMPLIANCE WITH
FEDERAL TAX LAWS

Adopted by Executive Finance Committee ~~September 5th, 2013~~, 2019

Purpose

The purpose of these Written Procedures is to ensure that the County complies with requirements of the federal Internal Revenue Code and related Treasury Regulations (collectively, the “Code”) that must be satisfied with respect to tax-~~advantaged~~~~exempt~~ bonds or notes (collectively, “Bonds”) issued by the County. ~~Such Bonds include both traditional tax-exempt Bonds and taxable Bonds for which the federal government either (a) allows the bondholders a credit against their income tax liability (“tax credit Bonds”) or (b) reimburses the County for a portion of the interest cost (“refundable credit Bonds”).~~

Commented [A1]: The 2017 Tax Cuts & Jobs Bill eliminated tax credit Bonds and refundable credit Bonds.

These Written Procedures, and any future updates, will be adopted by the Executive Finance Committee (“EFC”) of the County. An annual report describing the status of the County’s compliance shall be provided to the EFC pursuant to these Written Procedures.

Section I: GENERAL GUIDANCE

Responsibility for Compliance

The Director of the County’s Finance and Business Operations Division (“FBOD”) (the “Finance Director”) will have overall oversight responsibility for post-issuance compliance with the requirements of the Code relating to use of proceeds of Bonds and the use of the land, buildings, facilities, equipment and other capital assets (“property”) financed or refinanced with Bond proceeds, as well as limitations on the investment of Bond proceeds and arbitrage rebate. The Finance Director will also be responsible for providing compliance training at least annually for all County agencies that have projects funded by Bond proceeds (the “user(s)").

In carrying out these functions, the Finance Director may designate an employee of FBOD to serve as the “Compliance Officer”. The Finance Director hereby designates the Senior Debt Analyst in the Treasury Section of FBOD as the initial Compliance Officer. The Finance Director may add additional Compliance Officers or change this designation from time to time in writing. Subsequent references to the Finance Director in this document will be understood to refer to the Compliance Officer, who will act as agent for the Finance Director for monitoring post-issuance compliance.

Commented [A2]: Allow the Finance Director to replace Compliance Officer without amending procedures.

Each County agency that has a project funded by Bond proceeds shall designate a “Fund Manager” to be responsible for monitoring the application of Bond proceeds to the financed project(s) and the use of the Bond-financed property for the intended purpose(s), as well as any proposed changes in the uses of such property that might result in such Bonds violating the private business tests.

Training

The Finance Director shall work with the County's bond counsel, arbitrage rebate analyst, financial advisor and other knowledgeable advisors to enable the Compliance Officer, including any successor to the initial Compliance Officer, and other staff whose responsibilities involve bond-related work, such as the Compliance Officer's primary contacts in the Prosecuting Attorney's Office and the Office of Performance, Strategy and Budget ("PSB"), to be trained as necessary to carry out the functions and purposes of these Written Procedures. Such training includes attendance at conferences hosted by industry groups such as the BLX Group and the National Association of Bond Lawyers.

Commented [A3]: Identify certain other county staff that should receive such training.

The Finance Director shall be responsible for providing at least annual periodic training for the Fund Managers and other principal officials of the users of Bond-financed property county personnel as deemed appropriate regarding the federal tax requirements applicable to Bonds, including (i) the application of Bond proceeds, (ii) restrictions on private business use that apply to that property, and (iii) restrictions on the use of proceeds of Bonds to make or finance loans to any person/entity other than a state or local government unit.

Commented [A4]: Satisfying annual requirement is somewhat onerous since there is little turnover of staff that attend such sessions and little new information to be conveyed.

Records Retention

The Finance Director will maintain all documentation related to each issue of Bonds. This documentation includes, but is not limited to: documentation relating to the Bond issuance; changes in any Bond terms; records showing how Bond proceeds are invested, including investment agreements and earnings related to Bond proceeds; records showing how Bond proceeds are spent; arbitrage rebate and yield reduction payment computations; Internal Revenue Service ("IRS") 8038 series forms; bond counsel opinions; and all contracts relating to the use of the Bond-financed property. These records are to be maintained for 3 years after the date of retirement of the Bonds or, if later, the date of retirement of any refunding Bonds.

Reissuance

The Finance Director shall continuously monitor and review all proposed documentation related to each issue of Bonds. Before the County authorizes or enters into any financial or other agreement relating to the terms of any Bonds, the Finance Director will consult with bond counsel to determine whether there is or will be any post-issuance "significant modification" to any material term/terms of the Bonds that could be deemed a "reissuance" of the Bonds under Treas. Reg. Sec. 1.1001-3.

Arbitrage Rebate

The Finance Director is responsible for ensuring that arbitrage computations are timely made and any rebate payments are timely paid. The County will engage an outside arbitrage rebate analyst to assist in the computation of any arbitrage rebate and yield reduction payments due from time to time with respect to the County's outstanding Bonds and to provide the Finance Director with the necessary data and completed forms to facilitate timely payment. The Finance Director will provide the arbitrage rebate analyst with the tax certificate from the transcript for each Bond issue, records relating to the investment and application of Bond proceeds and the earnings thereon, and any other information necessary for this purpose.

Remediation

If any County employee or consultant determines that a violation of federal tax requirements may occur or may have occurred, the Finance Director will consult with bond counsel to review the potential violation and consider remedial actions that the County might pursue to avoid the violation or options for voluntarily correcting such violation by entering into a closing agreement under the IRS's Voluntary Closing Agreement Program ("VCAP").

Section II: DETAILED GUIDANCE

The remainder of this document ~~is divided into four sections that address in detail~~ details the specific requirements and ~~post-issuance~~ procedures applicable to ~~each of the different types of Bonds that the County has historically issued~~ be followed. These detailed procedures will focus on Tax-Exempt New Money Governmental Bonds, ~~the most typical issuance for the County, and, by extension, on any bonds issued to refund such Tax-Exempt New Money Governmental Bonds ("Tax-Exempt Refunding Bonds").~~ However, these procedures, with certain appropriate modifications, will also be followed with regard to any County Tax-Exempt New Money Qualified 501(c)(3) Bonds, ~~Tax-Exempt Refunding Bonds, and Taxable.~~ ~~It should also be recognized that essentially similar procedures have been, and will continue to be, followed in relation to the County's outstanding refundable credit bonds, such as Build America Bonds, the issuance of which is now precluded by the tax code.~~

Commented [A5]: Explicit recognition that, although the new issuance of such bonds is now precluded, the County will follow appropriate post-issuance procedures applicable to outstanding obligations.

Section H: ~~A:~~ TAX-EXEMPT NEW MONEY GOVERNMENTAL BONDS

Use of Bond Proceeds

The proceeds of ~~tax-exempt new money governmental~~ Tax-Exempt New Money Governmental Bonds (including investment earnings on original sale proceeds), other than proceeds used to pay costs of issuance or deposited in a reasonably required reserve fund, if any, must be used for capital expenditures (as defined for federal income tax purposes) that have been designated for debt financing by the County Council. "Capital expenditures" generally include costs to acquire, construct, or improve property with a useful life exceeding one year (land, buildings and equipment), or to adapt the property to a new or different use. This includes the cost of upgrades to technology infrastructure, hardware, and software (but generally excludes costs incurred in the preliminary project stage, such as evaluation and selection of alternative systems, and in the post-implementation/operation stage, such as data conversion, regular maintenance and training costs), provided that the costs are capitalizable under general federal income tax principles.

(Additional requirements beyond federal tax law, such as state law, may also limit the purposes for which the proceeds of certain Bonds may be used. Bond counsel will assist the County in ensuring that a particular Bond issue also complies with these additional requirements.)

At the time of any Bond issuance, under current tax law, the County must reasonably expect to spend at least 85% of all sale proceeds (or, in the case of revenue Bonds, sale proceeds net of sale proceeds deposited in a reasonably required reserve fund) within 3 years after issuance, as well as

incur a binding obligation within 6 months after the issue date to expend at least 5% of the proceeds (or, in the case of revenue Bonds, sale proceeds net of sale proceeds deposited in a reasonably required reserve fund), and proceed with due diligence to complete the capital projects and spend the Bond proceeds. The Finance Director should be notified promptly if it appears after the Bonds are issued that this expectation may not be fulfilled.

To qualify for a safe-harbor available under the Code that avoids having a Bond issue treated as creating “replacement proceeds” subject to arbitrage requirements and is a condition to the pursuit of any “remedial action” to cure a change in use of Bond-financed facilities, the County should also reasonably expect that the weighted average maturity of governmental new money Bonds will not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Bond issue. The Finance Director should be notified promptly if it appears after the Bonds are issued that this expectation may not be fulfilled.

Bond proceeds intended to finance a particular project shall be deposited in and maintained in a Bond capital sub-fund that supports that project, and shall not be commingled with funds from any other source. Such proceeds must be monitored on an issue-by-issue basis to ensure accurate calculations and accounting for investment and expenditure of proceeds as required by the Code.

Private Activity Bond Considerations

~~When Bonds are issued, the County must reasonably expect (i) that the proceeds of the Bonds and the property financed by those proceeds will not be used in the trade or business of any person (including the U.S. government or its agencies) other than a state or local governmental unit (“private business use”), (ii) that the Bonds will not be secured by property used for a private business use or payments in respect thereof, and (iii) that the Bonds will not finance a loan to any such non-governmental person (a “private loan”), in any manner that would cause the Bonds to meet either the “private business tests” or the “private loan financing test” at any time during the entire term of the Bonds. Such Bonds are “governmental bonds.” Bond counsel will assist the County in evaluating these tests when Bonds are issued as governmental bonds, and the County’s tax certificate delivered in connection with the issuance of each Bond issue will provide guidance as to appropriate expected uses of those Bond proceeds.~~

Commented [A6]: Section relocated to later in the document.

Monitoring Bond Proceeds

~~Each Fund Manager shall submit a report to the Finance Director on a designated quarterly schedule until the applicable Bond capital sub-fund has been closed such time as either the project has been completed or the Bond proceeds have been fully expended, whichever is earlier.~~ The report shall include the following information:

Commented [A7]: Reduce the burden on fund managers of preparing quarterly reports prior to the closure of a sub fund.

- Name of project funded by Bond proceeds
- Current and expected owners and users of Bond-financed property
- Fund managing project
- Fund paying debt service
- Original total project budget
- Original Bond proceeds
- Investment income on original Bond proceeds
- Expenditures paid from Bond proceeds and investment income
- Remaining unspent Bond proceeds and investment income

- Expectation of when remaining Bond proceeds will be spent or the project completed, whichever is sooner
- Expectation of the amount of Bond proceeds, if any, that will remain unspent upon project completion.

The Finance Director will use the individual project data submitted in these reports to update a Post-Bond Issuance Compliance Checklist (in substantially the form shown in the Attachment hereto) for each outstanding Bond issue. ~~These Checklists will be presented to the EFC at least annually to enable the EFC to track compliance with the County's reasonable expectations regarding the expenditure and use of Bond proceeds, as well as compliance with arbitrage guidelines and rebate.~~

Commented [A8]: Simply making explicit the need for such additional information (which I have already been receiving).

Disposition of Bond Proceeds after Initial Three Year Period

~~If Bond proceeds remain in a Bond capital sub fund on the date that is 3 years after the date of issuance and the supported project has not been completed, the Finance Director will consult with bond counsel, and, based upon bond counsel advice, work with the Office of Performance, Strategy and Budget ("PSB") to develop an acceptable plan for the EFC that outlines a proposed expenditure of the remaining proceeds within 12 months.~~

~~If the EFC determines that all or some of the proceeds should not be used as proposed by PSB, or if the plan does not provide for the expenditure of all of the proceeds by the 4th anniversary of the date of issuance, then the proceeds will be designated as excess proceeds.~~

Use of Excess Proceeds

~~If a Bond capital sub fund has excess proceeds, then those proceeds will either be used within 1 year to retire Bonds or pay principal on the Bond issue that financed those proceeds, or will be repurposed to support other capital projects. Excess proceeds are defined as the fund balance available in the Bond capital sub fund after a project has been completed or abandoned, or if the fund balance otherwise has been designated as excess proceeds by the EFC.~~

~~The Finance Director will consult with bond counsel and, based upon bond counsel advice, work with PSB to develop a recommendation for the EFC as to how to best use such excess proceeds. If it is determined that the excess Bond proceeds are to be used to retire Bonds or pay principal on the Bond issue that financed those proceeds, then the fund balance will be transferred from the Bond capital sub fund to the County debt service fund that services those Bonds. This fund will either pay the debt off early or reserve the appropriate amount in the financial plan for future payments.~~

Investment Bond Proceeds after Initial Three-Year Period

~~Except for a "minor portion" of the proceeds of the Bond issue (an amount of proceeds not greater than \$100,000) and investment earnings within 1 year of their receipt by the County, excess proceeds held in a capital sub-fund beyond 3 years after the Bond issuance date will not be invested in higher-yielding investments (i.e., will be "yield-restricted" to the yield on the related Bond issue—which may be accomplished by making yield-reduction payments to the IRS). Bond counsel and/or the outside arbitrage rebate analyst should be consulted to confirm any yield-reduction plan and to ensure that any plan to pay regular debt service on the Bonds does not cause amounts already on deposit in the debt service fund to become "replacement proceeds". Excess Bond proceeds may also be repurposed for alternative capital projects. Explicit approval by the County Council through the budget or supplemental process is required.~~

Commented [A9]: The information in such checklists has been summarized in the annual reports that have been prepared for EFC. Not practical to printout and bring checklists for all approximately 75 outstanding county issues.

Disposition of Bond Proceeds after Initial Three-Year Period

If Bond proceeds remain in a Bond capital sub-fund on the date that is 3 years after the date of issuance, the Finance Director will consult with Fund Managers regarding the expected expenditure of the remaining proceeds. If at least 60% of total Bond proceeds have been expended and all remaining Bond proceeds are expected to be used for completion of the project by the date that is 5 years after the date of issuance, the Bond proceeds will remain in the Bond capital sub-fund until expended for the project. The Finance Director will consult with Fund Managers annually to confirm that the Bond proceeds in the Bond capital sub-fund are being expended on schedule. Fund Managers will retain records of any delays in project construction and revisions to expected project schedules.

If less than 60% of total Bond proceeds have been spent after the initial 3 year period or if all remaining Bond proceeds are not expected to be used for completion of the project by the end of the initial 5 year period, the Finance Director will consult with Fund Managers, Office of Performance, Strategy and Budget (“PSB”) and bond counsel to develop an acceptable plan for the EFC that outlines a proposed expenditure of the remaining proceeds. Remaining proceeds may generally be used for (1) additional expenditures on the project, which may include a limited amount of related working capital expenditures, (2) expenditures on alternative capital projects approved by the County Council, or (3) payment of debt service (including prepayment of principal) on the Bonds.

Once approved by the EFC, Bond proceeds that are to be used for completion of the project will remain in the Bond capital sub-fund, and Bond proceeds that are to be used for alternative capital projects will be transferred from the Bond capital sub-fund for the project to a capital sub-fund or sub-funds for the alternative projects. The Finance Director will consult with Fund Managers annually to confirm that the Bond proceeds in the capital sub-funds are being expended in accordance with the plan approved by the EFC.

Bond proceeds that are to be used to pay or prepay the Bond issue will be transferred from the Bond capital sub-fund to the County debt service fund that services those Bonds. This deposit to the debt service fund will be expended to pay or prepay principal on the Bonds within 1 year of deposit. If the full amount of the deposit cannot be expended to make principal payments within one year, Bond counsel should be consulted to ensure that the deposit, investment and expenditure of the debt service funds will comply with all applicable arbitrage requirements.

In all cases, if Bond proceeds have not been expended or are not expected to be expended by the end of the initial 5 year period, the Finance Director will consult with bond counsel regarding the expenditure of any remaining unspent proceeds.

In all cases, other than where proceeds are held for remaining or additional costs of the original purpose, the Bond capital sub-fund that held the original Bond proceeds will be closed.

Private Activity Bond Considerations

When Bonds are issued, the County must reasonably expect that the Bonds will not be “private activity bonds.” A Bond is a private activity bond if the Bond issue meets either (a) both private business tests (the “Private Business Tests”) or (b) the private loan test (the “Private Loan Test”). The Private Business Tests are met if (a) there is more than the lesser of 10% or \$15 million private business use of the proceeds of an issue (the “Private Business Use Test”) AND (b) there is more

Commented [A10]: Section re-written by new county bond counsel (Pacifica) to eliminate somewhat confusing and overly technical IRS language. New language provides more straightforward guidance.

than the lesser of 10% or \$15 million private payments or private security interest. The Private Loan Test is met if more than 5% (or \$5 million if less) of the proceeds is treated as being loaned to nongovernmental entities.

Private business use is use of tax exempt bond financed property in a trade or business carried on by a person other than a state or local government entity for governmental purposes (“qualified users”). Private business use can arise from a lease, management contract, sponsored research agreement or any other arrangement that gives anyone, other than a qualified user, special legal entitlements with respect to the use of the Project. Use by the federal government generally constitutes private business use.

Bond counsel will assist the County in evaluating these tests when Bonds are issued as governmental bonds, and the County’s tax certificate delivered in connection with the issuance of each Bond issue will provide guidance as to appropriate expected uses of those Bond proceeds. Monitoring ownership and use of Bond-financed property is essential to ensuring that the Bonds do not become private activity bonds as a result of post-issuance actions.

Commented [A11]: Section slightly expanded by county bond counsel (Pacifica).

Monitoring Ownership and Use of Bond-Financed Property

The Finance Director will monitor the ownership and use of property financed by each issue of Bonds for so long as those Bonds are outstanding. Before entering into any arrangement with a non-governmental person that involves the sale or use of Bond-financed property that is different from what was contemplated when the Bonds were issued, the user must provide the Finance Director with a description of the proposed sale or non-governmental use arrangement in order to determine whether the proposal would be consistent with the restrictions on private business use of the Bond-financed property.

In connection with the evaluation of any proposed sale or non-governmental use arrangement, the Finance Director will consult with bond counsel to obtain advice on whether the proposal would be consistent with the restrictions on private business use of the Bond-financed property, and, if not, whether any “remedial action” permitted under the Code may be taken by the County to permit the proposal to be put into effect without adversely affecting the tax-advantaged exempt status of the Bonds.

The Finance Director and the user of the property shall maintain records of such sales or non-governmental use arrangements, if any, of Bond-financed property, including copies of the pertinent leases, contracts or other documentation, and the related determination that those sales or non-governmental uses are not inconsistent with the tax-advantaged exempt status of the Bonds.

Section ~~HIB~~: TAX-EXEMPT NEW MONEY QUALIFIED 501(c)(3) BONDS

Introduction

From time to time, the County finds it advantageous to issue tax-exempt bonds as ~~qualified~~ “Qualified 501(c)(3) bondsBonds” instead of ~~governmental bonds~~ Tax-Exempt New Money Governmental Bonds. This occurs in transactions financing County facilities that will be leased or used by a nonprofit organization, such as a museum, a health care provider, an educational institution or any other organization that has been determined to be a charitable organization under Section 501(c)(3) of the Code (a “501(c)(3) organization”).

Governmental Bonds vs. Qualified 501(c)(3) Bonds

~~Qualified 501(c)(3) bonds are similar to governmental bonds except that:~~

~~1. All property financed with qualified 501(c)(3) bond proceeds must be owned by a 501(c)(3) organization or a state or local governmental unit (which, of course, may be the County).~~

~~2. “Qualified Like governmental bonds, qualified 501(c)(3) bonds are subject to the Private Business Tests except that “qualified uses” of qualified 501(c)(3) bonds include both (i) use by a 501(c)(3) organization with respect to its activities that do not constitute unrelated trades or businesses and (ii) use by a state or local governmental unit. Any other use, including use of qualified 501(c)(3) bond proceeds to pay bond issuance costs, is a “non-qualifying use.” The private business use test Private Business Use Test is met with respect to qualified 501(c)(3) bonds if more than 5% of the net proceeds thereof are used for a non-qualifying use; and~~

~~3. The the private security or payment test is met if debt service on more than 5% of the proceeds of a qualified 501(c)(3) bond issue is secured by an interest in property or payments in respect of property used for a non-qualifying use.~~

Additional Requirements for Qualified 501(c)(3) Bonds

In addition to the requirements described previously ~~in Section II~~ for Tax-Exempt New Money Governmental Bonds, which also apply to Qualified 501(c)(3) Bonds, the County must adhere to ~~the following additional requirements~~ certain additional requirements. Bond counsel will assist the ~~County in complying with all requirements at Bond issuance and in documenting the County’s expectations when Bonds are issued.~~

~~When Bonds are issued as qualified 501(c)(3) bonds, the County must reasonably expect that the proceeds of the Bonds will be used by and the property financed by those proceeds will be owned by a 501(c)(3) organization or a state or local governmental unit and will not be used for any non-qualifying use or to finance any private loan in any manner that would cause the Bond issue to meet either the private business tests or the private loan financing test, as applicable to qualified 501(c)(3) bonds, at any time during the entire term of the Bonds. Bond counsel will assist the County in evaluating these tests when Bonds are issued as qualified 501(c)(3) bonds, and the County’s tax certificate delivered in connection with the issuance of each Bond issue will provide guidance as to appropriate expected uses of those Bond proceeds. The Finance Director should be notified promptly if it appears after the Bonds are issued that these expectations may not be fulfilled.~~

~~The County also must reasonably expect that that the weighted average maturity of the Bonds will not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Bond issue. This is a substantive requirement for qualified 501(c)(3) bonds, not a safe harbor. The Finance Director should be notified promptly if it appears after the Bonds are issued that this expectation may not be fulfilled.~~

~~Other limitations on use of qualified 501(c)(3) bond proceeds apply. Bond counsel will assist the County in evaluating these limitations and documenting the County’s expectations when Bonds are issued.~~

Commented [A12]: Additional language unnecessary and largely applies to pre-rather than post-issuance compliance requirements.

Section ~~IV~~C: TAX-EXEMPT REFUNDING BONDS

Use of Bond Proceeds

Tax-Exempt Refunding Bonds

Refunding Bond proceeds are used to refinance existing bonds of the County (“Refunded Bonds”), usually to achieve debt service savings, but sometimes for other reasons, such as restructuring debt or defeasing bonds that contain covenants or other restrictions unfavorable to the County. The proceeds of Refunding Bonds (including investment earnings on original sale proceeds and unspent proceeds of the Refunded Bonds), other than proceeds used to pay costs of issuance or deposited in a reasonably required reserve fund, if any, should be spent to pay the redemption price or maturing principal of the Refunded Bonds. The County typically works closely with its financial advisor and bond counsel to structure any issue of Refunding Bonds to avoid having bond proceeds that are not applied at closing for the refunding purpose, to ensure compliance with refunding limits, and to ensure that yield restrictions applicable to the Refunding Bonds are satisfied. Generally, Refunding Bond proceeds should not be invested except as prescribed by the escrow agreement (if any) or as approved by bond counsel.

~~Under federal tax law, refundings are generally characterized as either (i) current refundings (all proceeds are fully spent to pay and retire the Refunded Bonds within 90 days after the issue date of the Refunding Bonds) or (ii) advance refundings (Refunding Bonds are issued more than 90 days before the date that all proceeds are fully spent to pay and retire the Refunded Bonds, with the Refunding Bond proceeds held in a yield restricted escrow until the Refunded Bonds are actually paid). Generally, Bonds may only be advance refunded one time; there are no limits on the number of times Bonds may be currently refunded.~~

Commented [A13]: The 2017 Tax Cuts & Jobs Bill eliminated the ability to do tax-exempt advance refundings.

Eligibility of Refunding Bonds for tax-exempt status is derived, in part, from the qualification for tax exemption of the original new money issues—, and any subsequent refunding issue—, to be refunded by the Refunding Bonds. As a matter of diligence, prior to the issuance of Refunding Bonds, the Finance Director may be asked to provide information about post-issuance compliance with respect to the Refunded Bonds, particularly as it relates to unspent proceeds and private business use of Bond-financed facilities. The Finance Director should be prepared to provide accurate data to the County’s financial advisor and bond counsel concerning unspent proceeds, in order to assure compliance with federal tax law requirements. In addition, the Finance Director should be prepared to ~~provide accurate data~~ demonstrate to the County’s financial advisor and bond counsel that the property financed by the Refunded Bonds has not been used for private business use or financed any private loan in any manner that would cause the Refunded Bonds to meet either the private business tests or the private loan financing test at any time during the life of the Refunded Bonds.

Monitoring Use of Refunding Bond Proceeds

The escrow agreement and verification report, if any, prepared in connection with the issuance of Refunding Bonds should be retained by the Finance Director with the records maintained for both the Refunded Bonds and the Refunding Bonds to confirm the proper application of all proceeds of the Refunding Bonds.

Monitoring Ownership and Use of Bond-Financed Property

When Refunding Bonds are issued, the property that was financed from the proceeds of the Refunded Bonds remains subject to whatever restrictions on use that applied when the Refunded Bonds were issued. Continued compliance with the New Money Post-Bond Issuance Compliance Procedures and, if there are unspent proceeds of the Refunded Bonds when the Refunding Bonds are issued, the Arbitrage Rebate requirements, will be necessary. ~~Users should refer to Section H for specific guidance on monitoring changes in the use of the property financed by the Refunded Bonds.~~

Section V: TAXABLE BONDS

The County has 3 different types of tax-advantaged Taxable Bonds outstanding. These are Build America Bonds ("BABs"), Recovery Zone Economic Development Bonds ("RZEDBs"), and Qualified Energy Conservation Bonds ("QECBs"). The following provides a description of the post-issuance compliance procedures that are applicable to each of these.

Build America Bonds

Issuance of BABs was authorized by the American Recovery and Reinvestment Act of 2009 ("ARRA") between February 17, 2009 and December 31, 2010. BABs are taxable bonds that could either be issued as tax credit bonds or refundable credit bonds, at the option of the issuer, with the federal subsidy in each case being 35% of the interest payable on each payment date. BABs are subject to the same limitations on private business use, private payment or security, private loan financing, arbitrage and arbitrage rebate as tax-exempt new money governmental bonds. ~~These limitations are discussed in Section II.~~

The County issued one series of BABs in December 2010 and documented its expectations to comply with applicable federal tax law requirements in the tax certificate delivered on the date of issue. This tax certificate also documented the County's election to have its BABs treated as "qualified bonds" eligible for a federal subsidy in the form of refundable credits payable to the County, i.e., refundable credit Bonds. To qualify for those payments, federal law requires the County to apply 100% of the excess of (a) the "available project proceeds" of the BABs (sale proceeds less not more than 2% of proceeds spent on issuance costs, plus all proceeds from the investment of such remainder) over (b) amounts in a reasonably required reserve fund for the BABs, if any, to the payment of capital expenditures with respect to the BABs-financed projects. ~~The County did not establish or fund a reasonably required reserve fund for its 2010 BABs.~~

The County will monitor the application of the proceeds of its BABs in the same manner as for Tax-Exempt New Money Governmental Bonds, with a particular emphasis on ensuring that all available project proceeds will be used to pay capital expenditures. The Finance Director should be notified promptly of any possible deviation from the County's expectations set forth in the tax certificate. If any available project proceeds of the BABs remain in a Bond capital sub-fund on the date that is 3 years after the date of issuance and the supported project has not been completed, the Finance Director will consult with bond counsel and, based upon bond counsel advice, work with PSB to develop a plan for the EFC that outlines a proposed application of the remaining available project proceeds to capital expenditures within 12 months.

Recovery Zone Economic Development Bonds

Pursuant to the ARRA, issuance of RZEDBs was also authorized between February 17, 2009 and December 31, 2010. RZEDBs are BABs 100% of the excess of (a) the available project proceeds over (b) amounts in a reasonably required reserve fund for the RZEDBs, if any, are to be used for one or more “qualified economic development purposes” in a “recovery zone” designated by the issuer. RZEDBs are also taxable bonds that could be issued either as tax credit bonds or refundable credit bonds, at the option of the issuer, except that the federal subsidy for RZEDBs is 45% of the interest payable on each payment date. Unlike BABs, which could be issued in an unlimited amount, RZEDBs were subject to a volume cap that, in the case of the County, was directly allocated by the IRS. RZEDBs are also subject to the same limitations on private business use, private payment or security, private loan financing, arbitrage and arbitrage rebate as tax exempt new money governmental bonds. **These limitations are discussed in Section II.** In addition, RZEDB financed projects are required to comply with the prevailing wage requirements of the federal Davis-Bacon Act.

The County Council designated the entire County as a recovery zone in early 2010 and issued one series of RZEDBs in December 2010. In so doing, the County did not establish or fund a reasonably required reserve fund for the RZEDBs. On the date of issue of such RZEDBs, the County documented its expectations to comply with the above noted requirements in the tax certificate. This tax certificate also documented the County’s election to have its RZEDBs treated as refundable credit Bonds.

The County will monitor the application of the proceeds of its RZEDBs in the same manner as described in Section II for Tax Exempt New Money Governmental Bonds, with a particular emphasis on ensuring that all available project proceeds will be used to pay capital expenditures for a qualified economic development purpose. The Finance Director should be notified promptly of any possible deviation from the County’s expectations set forth in the tax certificate. If any available project proceeds of the RZEDBs remain in a Bond capital sub-fund on the date that is 3 years after the date of issuance and the supported project has not been completed, the Finance Director will consult with bond counsel and, based upon bond counsel advice, work with PSB to develop a plan for the EFC that outlines a proposed application of the remaining available project proceeds to capital expenditures for another qualified economic development purpose within 12 months.

Qualified Energy Conservation Bonds

QECBs were originally authorized as tax credit bonds only, subject to a modest national volume cap, in 2008. The volume cap was quadrupled by the ARRA, and subsequent amendments enabled QECBs to be issued as refundable credit bonds. Proceeds of QECBs are to be used for one or more “qualified conservation purposes” and, subject to the availability of volume cap, the issuance of QECBs is still authorized under federal law. Unlike tax exempt bonds, BABs or RZEDBs, QECBs have special project qualification rules (not the same as the private business use, loan, payment and security tests), must use unspent available project proceeds at the end of 3 years to retire QECBs, are subject to a maximum term determined by the Secretary of the Treasury at the time of sale, are capped as to the use of proceeds for costs of issuance and reserves, and do not have any clearly stated remedial action rules. QECB financed projects are also required to comply with the prevailing wage requirements of the federal Davis-Bacon Act.

~~The County has issued two separate series of QECBs, one in December 2010 and the other in December 2012. On the date of issue of each series of those QECBs, the County documented its expectations to comply with the above noted requirements in the related tax certificate. These tax certificates also documented the County's election to have those QECBs treated as refundable credit Bonds.~~

~~The County will monitor the application of the proceeds of its QECBs in the same manner as described in Section II for Tax Exempt New Money Governmental Bonds, with a particular emphasis on ensuring that all available project proceeds will be used for a qualified conservation purpose within the 3 year limit. The Finance Director should be notified promptly of any possible deviation from the County's expectations set forth in the tax certificate. If any available project proceeds of an issue of QECBs remain in a Bond capital sub fund on the date that is 3 years after the date of issuance and the supported project has not been completed, the Finance Director shall immediately consult with bond counsel, and arrange to have the remaining available project proceeds applied to redeem nonqualified bonds no later than 90 days following the end of the 3 year expenditure period.~~

~~Attached to these Written Procedures are forms of the Post Bond Issuance Compliance Checklist to be compiled by the Finance Director for each of the types of Bonds addressed herein.~~

Commented [A14]: The 2017 Tax Cuts & Jobs Bill eliminated the ability to issue such taxable bonds (BABs, REZDBs and QECBs).

ATTACHMENT

Commented [A15]: Checklists for taxable bonds eliminated and checklist for refunding bonds incorporated into the checklist for Tax Exempt New Money Governmental Bonds.

King County Finance and Business Operations Division

**POST-BOND ISSUANCE COMPLIANCE CHECKLIST
~~NEW MONEY GOVERNMENTAL TAX-EXEMPT BONDS~~**

(the "Bonds")

DATE OF ISSUE: _____

Deadline	Requirement	Status
While Sale Proceeds of Bonds Unspent	Reasonable method of allocating expenditures of Bond proceeds implemented (e.g., specific tracing; Bond-proceeds-spent-first; first-in, first-out; or ratable allocation method); keep detailed records until at least the third anniversary of the retirement of the Bonds or any Bonds that refinanced the Bonds.	
During Project Construction	Project to proceed with due diligence to completion.	
(6 months after Date of Issue)	(a) 5% or more of Bond Proceeds (net of reserves) must be committed to Project; use of Bond proceeds to complete the Project must proceed with due diligence. (b) (1) 95% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception. —(2) 15% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception. —(3) 10% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only). [(b)(1), (2) and (3) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.]	

Deadline	Requirement	Status
(12 months after Date of Issue)	<p>(a) 100% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception.</p> <p>(b) 60% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception.</p> <p>(c) 45% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).</p> <p>[(a), (b) and (c) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.].</p>	
(18 months after Date of Issue)	<p>(a) 100% of Bond proceeds (net of reserves, reasonable retainage not exceeding 5% of Bond proceeds and \$250,000, but including actual construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception.</p> <p>(b) 75% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).</p> <p>[(a) and (b) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.].</p>	
(2 years)	100% of Bond proceeds (net of reserves, reasonable retainage not exceeding 5% of Bond proceeds and \$250,000, but including actual construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).	
(3 years)	85% or more of Bond proceeds (net of reserves) must have been reasonably expected to be spent on Project expenses in order to satisfy temporary period and no-premature issuance requirements; unspent proceeds must be "yield-restricted" after this date, except for \$100,000 "minor portion" and investment earnings for up to 1 year after receipt.	
Earlier of 3 years after date of expenditure or 18 months after Project is completed and placed in service	Last day to be reimbursed from Sale Proceeds of Bonds for pre-issuance Project expenditures (other than for "preliminary expenditures" for items such as architectural, engineering, surveying, planning and similar costs). This is a rolling deadline, corresponding to when pre-issuance expenditures were made.	
While Proceeds of Bonds Unspent	Keep detailed records of expenditures of and investment earnings on Bond proceeds.	

Deadline	Requirement	Status
No later than 5 years after Date of Issue	<p>(a) Last day to reallocate Bond proceeds and other sources of funding among Project facilities is 18 months after the later of date expenditure made or date Project placed in service, but not later than earlier of 5 years after Date of Issue or 60 days after Bonds retired.</p> <p>(b) First mandatory arbitrage Rebate Determination Date; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO REBATE DETERMINATION DATE.</p> <p>(c) NOTE: UNLESS AN ELECTION TO THE CONTRARY WAS MADE WHEN THE BONDS WERE ISSUED, ARBITRAGE REBATE SPENDING EXCEPTIONS DO NOT APPLY TO INVESTMENTS HELD IN DEBT SERVICE RESERVE FUNDS FOR REVENUE BOND ISSUES, AND THOSE INVESTMENTS ARE SUBJECT TO REBATE FROM THE BOND ISSUANCE DATE.</p>	
Every five years from the Date of Issue; and on the last day of every fifth bond year.	Interim mandatory arbitrage Rebate Determination Dates; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days of each date. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO EACH INTERIM RATE DETERMINATION DATE.	
While Bonds Remain Outstanding	No Change of Use. CONSULT WITH BOND COUNSEL PRIOR TO ANY ARRANGEMENT POSSIBLY RESULTING IN ANY SALE, LEASE OR OTHER CHANGE OF USE OR FAILURE TO MEET QUALIFIED COST PERCENTAGE.	
While Bonds Remain Outstanding	If event of possible non-compliance with applicable sections of Code or Regulations, CONSULT WITH BOND COUNSEL IMMEDIATELY TO DETERMINE IF REMEDIAL ACTION IS NECESSARY.	
While Bonds Remain Outstanding	Consult with Bond Counsel on a periodic basis for any changes in the applicable laws or changes in the interpretation of applicable laws.	
While Bonds Remain Outstanding	“Significant Modification” to material term of Bonds—Re-issuance. Monitor all finance transactions related to Bonds and CONSULT WITH BOND COUNSEL IF POSSIBLE CHANGE IN MATERIAL TERMS OF BONDS. <u>New Money Bonds</u>	
(maturity of Bonds or date of final retirement of Bonds, if earlier)	Final mandatory arbitrage Rebate Determination Date; 100% of accrued positive arbitrage (if any) must be paid within 60 days. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO REBATE DETERMINATION DATE.	
(3 years after date of retirement of Bonds and refunding of Bonds)	Keep records of Bond documents including Rebate Reports, Bond Counsel opinions, IRS filings (including, without limitation, 8038-series forms) and all other documentation related to the Bonds.	

King County Finance and Business Operations Division

**POST-ISSUANCE COMPLIANCE CHECKLIST
NEW MONEY TAX EXEMPT QUALIFIED 501(c)(3) BONDS**

(the “Bonds”)

DATE OF ISSUE: _____

Deadline	Requirement	Status
While Sale Proceeds of Bonds Unspent	Reasonable method of allocating expenditures of Bond proceeds implemented (e.g., specific tracing; Bond proceeds spent first; first-in, first-out; or ratable allocation method); keep detailed records until at least the third anniversary of the retirement of the Bonds or any Bonds that refinanced the Bonds.	
While Sale Proceeds of Bonds Unspent	Not more than 2% of Bond proceeds used to pay issuance costs, including underwriter's discount.	
While Sale Proceeds of Bonds Unspent	No Bond proceeds used to finance any airplane (except as described in Section III), skybox or other private luxury box, facility primarily used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises.	
While Sale Proceeds of Bonds Unspent	If Bond proceeds will provide residential rental property for family units, the financed property will be new construction, or substantially rehabilitated during a two year period ending one year after acquisition, or a “qualified residential rental project.”	
During Project Construction	Project to proceed with due diligence to completion.	

Deadline	Requirement	Status
(6 months after Date of Issue)	<p>(a) 5% or more of Bond Proceeds (net of reserves) must be committed to Project; use of Bond proceeds to complete the Project must proceed with due diligence.</p> <p>(b)(1) 95% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception.</p> <p>(2) 15% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception.</p> <p>(3) 10% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).</p> <p>[(b)(1), (2) and (3) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.]</p>	
(12 months after Date of Issue)	<p>(a) 100% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception.</p> <p>(b) 60% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception.</p> <p>(c) 45% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).</p> <p>[(a), (b) and (c) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.]</p>	
(18 months after Date of Issue)	<p>(a) 100% of Bond proceeds (net of reserves, reasonable retainage not exceeding 5% of Bond proceeds and \$250,000, but including actual construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception.</p> <p>(b) 75% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).</p> <p>[(a) and (b) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.]</p>	
(2 years)	100% of Bond proceeds (net of reserves, reasonable retainage not exceeding 5% of Bond proceeds and \$250,000, but including actual construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).	

Deadline	Requirement	Status
(3 years)	85% or more of Bond proceeds (net of reserves) must have been reasonably expected to be spent on Project expenses in order to satisfy temporary period and no premature issuance requirements; unspent proceeds must be "yield-restricted" after this date, except for \$100,000 "minor portion."	
Earlier of 3 years after date of expenditure or 18 months after Project is completed and placed in service	Last day to be reimbursed from Sale Proceeds of Bonds for pre-issuance Project expenditures (other than for "preliminary expenditures" for items such as architectural, engineering, surveying, planning and similar costs). This is a rolling deadline, corresponding to when pre-issuance expenditures were made.	
While Proceeds of Bonds Unspent	Keep detailed records of expenditures of and investment earnings on Bond proceeds.	
No later than 5 years after Date of Issue	(a) Last day to reallocate Bond proceeds and other sources of funding among Project facilities is 18 months after the later of date expenditure made or date Project placed in service, but not later than earlier of 5 years after Date of Issue or 60 days after Bonds retired. (b) First mandatory arbitrage Rebate Determination Date; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO REBATE DETERMINATION DATE. (c) NOTE: ARBITRAGE REBATE SPENDING EXCEPTIONS DO NOT APPLY TO INVESTMENTS HELD IN DEBT SERVICE RESERVE FUNDS FOR REVENUE BOND ISSUES, AND THOSE INVESTMENTS ARE SUBJECT TO REBATE FROM THE BOND ISSUANCE DATE.	
Every five years from the Date of Issue; and on the last day of every fifth bond year.	Interim mandatory arbitrage Rebate Determination Dates; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days of each date. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO EACH INTERIM RATE DETERMINATION DATE.	
While Bonds Remain Outstanding	No Change of Use. CONSULT WITH BOND COUNSEL PRIOR TO ANY ARRANGEMENT POSSIBLY RESULTING IN ANY SALE, LEASE OR OTHER CHANGE OF USE OR FAILURE TO MEET QUALIFIED COST PERCENTAGE.	
While Bonds Remain Outstanding	If event of possible non-compliance with applicable sections of Code or Regulations, CONSULT WITH BOND COUNSEL IMMEDIATELY TO DETERMINE IF REMEDIAL ACTION IS NECESSARY.	
While Bonds Remain Outstanding	Consult with Bond Counsel on a periodic basis for any changes in the applicable laws or changes in the interpretation of applicable laws.	

Deadline	Requirement	Status
While Bonds Remain Outstanding	“Significant Modification” to material term of Bonds — Re-issuance. Monitor all finance transactions related to Bonds and CONSULT WITH BOND COUNSEL IF POSSIBLE CHANGE IN MATERIAL TERMS OF BONDS.	
(maturity of Bonds or date of final retirement of Bonds, if earlier)	Final mandatory arbitrage Rebate Determination Date; 100% of accrued positive arbitrage (if any) must be paid within 60 days. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO REBATE DETERMINATION DATE.	
(3 years after date of retirement of Bonds and refunding of Bonds)	Keep records of Bond documents including Rebate Reports, Bond Counsel opinions, IRS filings (including, without limitation, 8038-series forms) and all other documentation related to the Bonds.	

King County Finance and Business Operations Division

POST-BOND ISSUANCE COMPLIANCE CHECKLIST—REFUNDING BONDS (BONDS ISSUED TO REFINANCE TAX-EXEMPT BONDS)

(the “Refunding Bonds”)

DATE OF ISSUE: _____

Deadline	Requirement	Status
Prior to Issuance	Verify the purposes for which proceeds (including investment earnings) of the Refunded Bonds were expended. Confirm that spending and arbitrage requirements applicable to the Refunded Bonds have been met or will be met within applicable time frames.	
At Closing	If applicable, create an escrow to irrevocably refund or defease the Refunded Bonds. Document application of Refunding Bond proceeds to refunding, costs of issuance, and other costs described in the plan of refunding.	
Prior to Call Date of Refunded Bonds	Verify that redemption and defeasance notices were given or are provided for by the refunding escrow or trust agreement as required by the legislation that authorized the Refunded Bonds and continuing disclosure rules.	
At Call Date of Refunded Bonds	Verify that escrowed funds were applied to redeem the Refunded Bonds.	
No later than 5 years after Date of Issue	(a) First mandatory arbitrage Rebate Determination Date; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO REBATE DETERMINATION DATE. (b) NOTE: UNLESS AN ELECTION TO THE CONTRARY WAS MADE WHEN THE BONDS WERE ISSUED, ARBITRAGE REBATE SPENDING EXCEPTIONS DO NOT APPLY TO INVESTMENTS HELD IN DEBT SERVICE RESERVE FUNDS FOR REVENUE BOND ISSUES, AND THOSE INVESTMENTS ARE SUBJECT TO REBATE FROM THE BOND ISSUANCE DATE.	
Every five years from the Date of Issue; and on the last day of every fifth bond year.	Interim mandatory arbitrage Rebate Determination Dates; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days of each date. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO EACH INTERIM RATE DETERMINATION DATE.	

Deadline	Requirement	Status
While Refunding Bonds Remain Outstanding	No Change of Use. CONSULT WITH BOND COUNSEL PRIOR TO ANY ARRANGEMENT POSSIBLY RESULTING IN ANY SALE, LEASE OR OTHER CHANGE OF USE OR FAILURE TO MEET QUALIFIED COST PERCENTAGE.	
While Refunding Bonds Remain Outstanding	If event of possible non-compliance with applicable sections of Code or Regulations, CONSULT WITH BOND COUNSEL IMMEDIATELY TO DETERMINE IF REMEDIAL ACTION IS NECESSARY.	
While Refunding Bonds Remain Outstanding	Consult with bond counsel on a periodic basis for any changes in the applicable laws or changes in the interpretation of applicable laws.	
While Refunding Bonds Remain Outstanding	"Significant Modification" to material term of Refunding Bonds—Re-issuance. Monitor all finance transactions related to Refunding Bonds and CONSULT WITH BOND COUNSEL IF POSSIBLE CHANGE IN MATERIAL TERMS OF BONDS.	
(maturity of Refunding Bonds or date of final retirement of Refunding Bonds, if earlier) _____, ____	Final mandatory arbitrage Rebate Determination Date; 100% of accrued positive arbitrage (if any) must be paid within 60 days. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO REBATE DETERMINATION DATE.	
(3 years after date of retirement of Refunding Bonds or any refunding of the Refunding Bonds) _____, ____	Keep records of Refunding Bond documents including verification report, rebate reports, bond counsel opinions, IRS filings (including, without limitation, 8038-series forms) and all other documentation related to the Refunding Bonds.	

King County Finance and Business Operations Division

**POST-BOND ISSUANCE COMPLIANCE CHECKLIST
BUILD AMERICA BONDS (“BABs”)**

(the “Bonds”)

DATE OF ISSUE: _____

Deadline	Requirement	Status
While Available Project Proceeds of Bonds Unspent	Reasonable method of allocating expenditures of Bond proceeds implemented (e.g., specific tracing; Bond proceeds spent first; first-in, first-out; or ratable allocation method); keep detailed records until at least the third anniversary of the retirement of the Bonds or any Bonds that refinanced the Bonds.	
While Available Project Proceeds of Bonds Unspent	100% of excess of (a) “available project proceeds” (sale proceeds less not more than 2% of proceeds spent on issuance costs, plus all proceeds from the investment of such remainder) over (b) amounts in a reasonably required reserve fund for the BABs, if any, must be used for capital expenditures.	
During Project Construction	Project to proceed with due diligence to completion.	
(6 months after Date of Issue) _____, _____	(a) 5% or more of Bond Proceeds (net of reserves) must be committed to Project; use of Bond proceeds to complete the Project must proceed with due diligence. (b) (1) 95% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception. — (2) 15% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception. — (3) 10% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only). [(b)(1), (2) and (3) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.]	

Deadline	Requirement	Status
(12 months after Date of Issue)	<p>(a) 100% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception.</p> <p>(b) 60% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception.</p> <p>(c) 45% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).</p> <p>[(a), (b) and (c) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.].</p>	
(18 months after Date of Issue)	<p>(a) 100% of Bond proceeds (net of reserves, reasonable retainage not exceeding 5% of Bond proceeds and \$250,000, but including actual construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception.</p> <p>(b) 75% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).</p> <p>[(a) and (b) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.].</p>	
(2 years)	100% of Bond proceeds (net of reserves, reasonable retainage not exceeding 5% of Bond proceeds and \$250,000, but including actual construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).	
(3 years)	85% or more of Bond proceeds (net of reserves) must have been reasonably expected to be spent on Project expenses in order to satisfy temporary period and no-premature issuance requirements; unspent proceeds must be "yield-restricted" after this date, except for \$100,000 "minor portion" and investment earnings for up to 1 year after receipt.	
Earlier of 3 years after date of expenditure or 18 months after Project is completed and placed in service	Last day to be reimbursed from Sale Proceeds of Bonds for pre-issuance Project expenditures (other than for "preliminary expenditures" for items such as architectural, engineering, surveying, planning and similar costs). This is a rolling deadline, corresponding to when pre-issuance expenditures were made.	
While Proceeds of Bonds Unspent	Keep detailed records of expenditures of and investment earnings on Bond proceeds.	

Deadline	Requirement	Status
No later than 5 years after Date of Issue	(a) Last day to reallocate Bond proceeds and other sources of funding among Project facilities is 18 months after the later of date expenditure made or date Project placed in service, but not later than earlier of 5 years after Date of Issue or 60 days after Bonds retired. (b) First mandatory arbitrage Rebate Determination Date; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO REBATE DETERMINATION DATE.	
Every five years from the Date of Issue; and on the last day of every fifth bond year.	Interim mandatory arbitrage Rebate Determination Dates; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days of each date. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO EACH INTERIM RATE DETERMINATION DATE.	
While Bonds Remain Outstanding	Not earlier than 90 days nor later than 45 days prior to each interest payment date, file completed form 8038-CP to obtain payment of refundable credit	
While Bonds Remain Outstanding	No Change of Use. CONSULT WITH BOND COUNSEL PRIOR TO ANY ARRANGEMENT POSSIBLY RESULTING IN ANY SALE, LEASE OR OTHER CHANGE OF USE OR FAILURE TO MEET QUALIFIED COST PERCENTAGE.	
While Bonds Remain Outstanding	If event of possible non-compliance with applicable sections of Code or Regulations, CONSULT WITH BOND COUNSEL IMMEDIATELY TO DETERMINE IF REMEDIAL ACTION IS NECESSARY.	
While Bonds Remain Outstanding	Consult with Bond Counsel on a periodic basis for any changes in the applicable laws or changes in the interpretation of applicable laws.	
While Bonds Remain Outstanding	"Significant Modification" to material term of Bonds — Re-issuance: Monitor all finance transactions related to Bonds and CONSULT WITH BOND COUNSEL IF POSSIBLE CHANGE IN MATERIAL TERMS OF BONDS.	
(maturity of Bonds or date of final retirement of Bonds, if earlier) _____, ____	Final mandatory arbitrage Rebate Determination Date; 100% of accrued positive arbitrage (if any) must be paid within 60 days. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO REBATE DETERMINATION DATE.	
(3 years after date of retirement of Bonds and refunding of Bonds) _____, ____	Keep records of Bond documents including Rebate Reports, Bond Counsel opinions, IRS filings (including, without limitation, 8038-series forms) and all other documentation related to the Bonds.	

King County Finance and Business Operations Division

POST-BOND ISSUANCE COMPLIANCE CHECKLIST RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS (“RZEDBs”)

_____ (the “Bonds”)

DATE OF ISSUE: _____

Deadline	Requirement	Status
While Available Project Proceeds of Bonds Unspent	Reasonable method of allocating expenditures of Bond proceeds implemented (e.g., specific tracing; Bond proceeds spent first; first in, first out; or ratable allocation method); keep detailed records until at least the third anniversary of the retirement of the Bonds or any Bonds that refinanced the Bonds.	
While Available Project Proceeds of Bonds Unspent	100% of excess of (a) “available project proceeds” (sale proceeds less not more than 2% of proceeds spent on issuance costs, plus all proceeds from the investment of such remainder) over (b) amounts in a reasonably required reserve fund for the RZEDBs, if any, must be used for capital expenditures.	
During Project Construction	RZEDB-financed projects must comply with the prevailing wage requirements of the federal Davis-Bacon Act.	
During Project Construction	Project to proceed with due diligence to completion.	
(6 months after Date of Issue) _____, _____	<p>(a) 5% or more of Bond Proceeds (net of reserves) must be committed to Project; use of Bond proceeds to complete the Project must proceed with due diligence.</p> <p>(b) (1) 95% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception.</p> <p>(2) 15% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception.</p> <p>(3) 10% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).</p> <p>[(b)(1), (2) and (3) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.]</p>	

Deadline	Requirement	Status
(12 months after Date of Issue) _____, _____	(a) 100% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception. (b) 60% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception. (c) 45% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only). [(a), (b) and (c) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.].	
(18 months after Date of Issue) _____, _____	(a) 100% of Bond proceeds (net of reserves, reasonable retainage not exceeding 5% of Bond proceeds and \$250,000, but including actual construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception. (b) 75% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only). [(a) and (b) are rebate spend down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.].	
(2 years) _____, _____	100% of Bond proceeds (net of reserves, reasonable retainage not exceeding 5% of Bond proceeds and \$250,000, but including actual construction period earnings) must be spent in order to qualify for 24- month arbitrage rebate exception (construction issues only).	
(3 years) _____, _____	85% or more of Bond proceeds (net of reserves) must have been reasonably expected to be spent on Project expenses in order to satisfy temporary period and no-premature issuance requirements; unspent proceeds must be "yield-restricted" after this date, except for \$100,000 "minor portion" and investment earnings for up to 1 year after receipt.	
Earlier of 3 years after date of expenditure or 18 months after Project is completed and placed in service	Last day to be reimbursed from Sale Proceeds of Bonds for pre-issuance Project expenditures (other than for "preliminary expenditures" for items such as architectural, engineering, surveying, planning and similar costs). This is a rolling deadline, corresponding to when pre-issuance expenditures were made.	

Deadline	Requirement	Status
<u>No later than 5 years after Date of Issue</u>	<u>Last day to reallocate Bond proceeds and other sources of funding among Project facilities is 18 months after the later of date expenditure made or date Project placed in service, but not later than earlier of 5 years after Date of Issue or 60 days after Bonds retired.</u>	
	<u>Refunding Bonds</u>	
<u>At Call Date of Refunded Bonds</u>	Verify that escrowed funds were applied to redeem the Refunded Bonds	
<u>(6 months after Date of Issue)</u> _____	<u>95% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception.</u> <u>[Only rebate exception allocable to refunding bonds]</u>	
<u>(12 months after Date of Issue)</u> _____	<u>100% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception.</u>	
	<u>All Bonds</u>	
While Proceeds of Bonds Unspent	Keep detailed records of expenditures of and investment earnings on Bond proceeds.	
No later than 5 years after Date of Issue	<p>(a) <u>Last day to reallocate Bond proceeds and other sources of funding among Project facilities is 18 months after the later of date expenditure made or date Project placed in service, but not later than earlier of 5 years after Date of Issue or 60 days after Bonds retired.</u></p> <p>(b) First mandatory arbitrage Rebate Determination Date; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO REBATE DETERMINATION DATE.</p> <p><u>NOTE: UNLESS AN ELECTION TO THE CONTRARY WAS MADE WHEN THE BONDS WERE ISSUED, ARBITRAGE REBATE SPENDING EXCEPTIONS DO NOT APPLY TO INVESTMENTS HELD IN DEBT SERVICE RESERVE FUNDS FOR REVENUE BOND ISSUES, AND THOSE INVESTMENTS ARE SUBJECT TO REBATE FROM THE BOND ISSUANCE DATE.</u></p>	
Every five years from the Date of Issue; and on the last day of every fifth bond year.	Interim mandatory arbitrage Rebate Determination Dates; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days of each date. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO EACH INTERIM RATE DETERMINATION DATE.	

Deadline	Requirement		Status
	While Bonds Remain Outstanding	Not earlier than 90 days nor later than 45 days prior to each interest payment date, file completed form 8038-CP to obtain payment of refundable credit	
	While Bonds or any Refunding Bonds Remain Outstanding	No Change of Use. CONSULT WITH BOND COUNSEL PRIOR TO ANY ARRANGEMENT POSSIBLY RESULTING IN ANY SALE, LEASE OR OTHER CHANGE OF USE OR FAILURE TO MEET QUALIFIED COST PERCENTAGE.	
	While Bonds or any Refunding Bonds Remain Outstanding	If event of possible non-compliance with applicable sections of Code or Regulations, CONSULT WITH BOND COUNSEL IMMEDIATELY TO DETERMINE IF REMEDIAL ACTION IS NECESSARY.	
	While Bonds or any Refunding Bonds Remain Outstanding	Consult with Bond Counsel on a periodic basis for any changes in the applicable laws or changes in the interpretation of applicable laws.	
	While Bonds or any Refunding Bonds Remain Outstanding	“Significant Modification” to material term of Bonds – Re-issuance. Monitor all finance transactions related to Bonds and CONSULT WITH BOND COUNSEL IF POSSIBLE CHANGE IN MATERIAL TERMS OF BONDS.	
	(maturity of Bonds or date of final retirement of Bonds or any Refunding Bonds, if earlier) _____, _____	Final mandatory arbitrage Rebate Determination Date; 100% of accrued positive arbitrage (if any) must be paid within 60 days. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO REBATE DETERMINATION DATE.	
	(3 years after date of retirement of Bonds and refunding of any Refunding Bonds) _____, _____	Keep records of Bond documents including Rebate Reports, Bond Counsel opinions, IRS filings (including, without limitation, 8038-series forms) and all other documentation related to the Bonds.	

King County Finance and Business Operations Division

POST-BOND ISSUANCE COMPLIANCE CHECKLIST QUALIFIED ENERGY CONSERVATION BONDS (“QECBs”)

(the “Bonds”)

DATE OF ISSUE: _____

Deadline	Requirement	Status
While Available Project Proceeds of Bonds Unspent	Reasonable method of allocating expenditures of Bond proceeds implemented (e.g., specific tracing; Bond proceeds spent first; first-in, first-out; or ratable allocation method); keep detailed records until at least the third anniversary of the retirement of the Bonds or any Bonds that refinanced the Bonds.	
While Available Project Proceeds of Bonds Unspent	Not more than 2% of Bond proceeds used to pay issuance costs, including underwriter's discount.	
Three years after date of issue	100% of “available project proceeds” (sale proceeds less proceeds spent on issuance costs, plus all proceeds from the investment of such remainder) must be used for one or more “qualified conservation purposes.”	
Three years plus 90 days after date of issue	Last day to redeem nonqualified bonds if less than 100% of available project proceeds are used for qualified conservation purposes	
During Project Construction	QECB-financed projects must comply with the prevailing wage requirements of the federal Davis-Bacon Act.	
During Project Construction	Project to proceed with due diligence to completion.	
18 months after date of expenditure	Last day to be reimbursed from available project proceeds for pre-issuance Project expenditures (other than for “preliminary expenditures” for items such as architectural, engineering, surveying, planning and similar costs). This is a rolling deadline, corresponding to when pre-issuance expenditures were made.	
While Available Project Proceeds of Bonds Unspent	Keep detailed records of expenditures of and investment earnings on Bond proceeds.	

Deadline	Requirement	Status
No later than 5 years after Date of Issue	Last day to reallocate Bond proceeds and other sources of funding among Project facilities is 18 months after the later of date expenditure made or date Project placed in service, but not later than earlier of 5 years after Date of Issue or 60 days after Bonds retired.	
While Bonds Remain Outstanding	Sinking fund for Bonds must be funded in equal annual installments, reasonably expected to result in an amount not greater than necessary to repay Bonds. Yield on such fund may not exceed the Permitted Sinking Fund Yield determined at time of Bond sale.	
While Bonds Remain Outstanding	Not earlier than 90 days nor later than 45 days prior to each interest payment date, file completed form 8038-CP to obtain payment of refundable credit.	
While Bonds Remain Outstanding	No Change of Use. CONSULT WITH BOND COUNSEL PRIOR TO ANY ARRANGEMENT POSSIBLY RESULTING IN ANY SALE, LEASE OR OTHER CHANGE OF USE OR FAILURE TO MEET QUALIFIED COST PERCENTAGE.	
While Bonds Remain Outstanding	If event of possible non-compliance with applicable sections of Code or Regulations, CONSULT WITH BOND COUNSEL IMMEDIATELY TO DETERMINE IF REMEDIAL ACTION IS NECESSARY.	
While Bonds Remain Outstanding	Consult with Bond Counsel on a periodic basis for any changes in the applicable laws or changes in the interpretation of applicable laws.	
While Bonds Remain Outstanding	"Significant Modification" to material term of Bonds — Re-issuance. Monitor all finance transactions related to Bonds and CONSULT WITH BOND COUNSEL IF POSSIBLE CHANGE IN MATERIAL TERMS OF BONDS.	
(3 years after date of retirement of Bonds and refunding of Bonds)	Keep records of Bond documents including Bond Counsel opinions, IRS filings (including, without limitation, 8038-series forms) and all other documentation related to the Bonds.	

KING COUNTY, WASHINGTON

WRITTEN PROCEDURES FOR POST-BOND ISSUANCE COMPLIANCE WITH FEDERAL TAX LAWS

Adopted by Executive Finance Committee _____, 2019

Purpose

The purpose of these Written Procedures is to ensure that the County complies with requirements of the federal Internal Revenue Code and related Treasury Regulations (collectively, the “Code”) that must be satisfied with respect to tax-exempt bonds or notes (collectively, “Bonds”) issued by the County.

These Written Procedures, and any future updates, will be adopted by the Executive Finance Committee (“EFC”) of the County. An annual report describing the status of the County’s compliance shall be provided to the EFC pursuant to these Written Procedures.

Section I: GENERAL GUIDANCE

Responsibility for Compliance

The Director of the County’s Finance and Business Operations Division (“FBOD”) (the “Finance Director”) will have overall oversight responsibility for post-issuance compliance with the requirements of the Code relating to use of proceeds of Bonds and the use of the land, buildings, facilities, equipment and other capital assets (“property”) financed or refinanced with Bond proceeds, as well as limitations on the investment of Bond proceeds and arbitrage rebate. The Finance Director will also be responsible for providing compliance training at least annually for all County agencies that have projects funded by Bond proceeds (the “user(s)”).

In carrying out these functions, the Finance Director may designate an employee of FBOD to serve as the “Compliance Officer”. The Finance Director hereby designates the Senior Debt Analyst in the Treasury Section of FBOD as the initial Compliance Officer. The Finance Director may add additional Compliance Officers or change this designation from time to time in writing. Subsequent references to the Finance Director in this document will be understood to refer to the Compliance Officer, who will act as agent for the Finance Director for monitoring post-issuance compliance.

Each County agency that has a project funded by Bond proceeds shall designate a “Fund Manager” to be responsible for monitoring the application of Bond proceeds to the financed project(s) and the use of the Bond-financed property for the intended purpose(s), as well as any proposed changes in the uses of such property that might result in such Bonds violating the private business tests.

Training

The Finance Director shall work with the County’s bond counsel, arbitrage rebate analyst, financial advisor and other knowledgeable advisors to enable the Compliance Officer, including any successor to the initial Compliance Officer, and other staff whose responsibilities involve bond-related work, such as the Compliance Officer’s primary contacts in the Prosecuting Attorney’s Office and the Office of Performance, Strategy and Budget (“PSB”), to be trained as necessary to carry out the functions and purposes of these Written Procedures. Such training includes

attendance at conferences hosted by industry groups such as the BLX Group and the National Association of Bond Lawyers.

The Finance Director shall be responsible for providing periodic training for the Fund Managers and other county personnel as deemed appropriate regarding the federal tax requirements applicable to Bonds, including (i) the application of Bond proceeds, (ii) restrictions on private business use that apply to that property, and (iii) restrictions on the use of proceeds of Bonds to make or finance loans to any entity other than a state or local government unit.

Records Retention

The Finance Director will maintain all documentation related to each issue of Bonds. This documentation includes, but is not limited to: documentation relating to the Bond issuance; changes in any Bond terms; records showing how Bond proceeds are invested, including investment agreements and earnings related to Bond proceeds; records showing how Bond proceeds are spent; arbitrage rebate and yield reduction payment computations; Internal Revenue Service (“IRS”) 8038 series forms; bond counsel opinions; and all contracts relating to the use of the Bond-financed property. These records are to be maintained for 3 years after the date of retirement of the Bonds or, if later, the date of retirement of any refunding Bonds.

Reissuance

The Finance Director shall continuously monitor and review all proposed documentation related to each issue of Bonds. Before the County authorizes or enters into any financial or other agreement relating to the terms of any Bonds, the Finance Director will consult with bond counsel to determine whether there is or will be any post-issuance “significant modification” to any material terms of the Bonds that could be deemed a “reissuance” of the Bonds under Treas. Reg. Sec. 1.1001-3.

Arbitrage Rebate

The Finance Director is responsible for ensuring that arbitrage computations are timely made and any rebate payments are timely paid. The County will engage an outside arbitrage rebate analyst to assist in the computation of any arbitrage rebate and yield reduction payments due from time to time with respect to the County’s outstanding Bonds and to provide the Finance Director with the necessary data and completed forms to facilitate timely payment. The Finance Director will provide the arbitrage rebate analyst with the tax certificate from the transcript for each Bond issue, records relating to the investment and application of Bond proceeds and the earnings thereon, and any other information necessary for this purpose.

Remediation

If any County employee or consultant determines that a violation of federal tax requirements may occur or may have occurred, the Finance Director will consult with bond counsel to review the potential violation and consider remedial actions that the County might pursue to avoid the violation or options for voluntarily correcting such violation by entering into a closing agreement under the IRS’s Voluntary Closing Agreement Program (“VCAP”).

Section II: DETAILED GUIDANCE

The remainder of this document details the specific requirements and post-issuance procedures to be followed. These detailed procedures will focus on Tax-Exempt New Money Governmental Bonds, the most typical issuance for the County, and, by extension, on any bonds issued to refund such Tax-Exempt New Money Governmental Bonds (“Tax-Exempt Refunding Bonds”). However, these procedures, with certain appropriate modifications, will also be followed with regard to any County Tax-Exempt New Money Qualified 501(c)(3) Bonds. It should also be recognized that essentially similar procedures have been, and will continue to be, followed in relation to the County’s outstanding refundable credit bonds, such as Build America Bonds, the issuance of which is now precluded by the tax code.

Section A: TAX-EXEMPT NEW MONEY GOVERNMENTAL BONDS

Use of Bond Proceeds

The proceeds of Tax-Exempt New Money Governmental Bonds (including investment earnings on original sale proceeds), other than proceeds used to pay costs of issuance or deposited in a reasonably required reserve fund, if any, must be used for capital expenditures (as defined for federal income tax purposes) that have been designated for debt financing by the County Council. “Capital expenditures” generally include costs to acquire, construct, or improve property with a useful life exceeding one year (land, buildings and equipment), or to adapt the property to a new or different use. This includes the cost of upgrades to technology infrastructure, hardware, and software (but generally excludes costs incurred in the preliminary project stage, such as evaluation and selection of alternative systems, and in the post-implementation/operation stage, such as data conversion, regular maintenance and training costs), provided that the costs are capitalizable under general federal income tax principles.

(Additional requirements beyond federal tax law, such as state law, may also limit the purposes for which the proceeds of certain Bonds may be used. Bond counsel will assist the County in ensuring that a particular Bond issue also complies with these additional requirements.)

At the time of any Bond issuance, under current tax law, the County must reasonably expect to spend at least 85% of all sale proceeds (or, in the case of revenue Bonds, sale proceeds net of sale proceeds deposited in a reasonably required reserve fund) within 3 years after issuance, as well as incur a binding obligation within 6 months after the issue date to expend at least 5% of the proceeds (or, in the case of revenue Bonds, sale proceeds net of sale proceeds deposited in a reasonably required reserve fund), and proceed with due diligence to complete the capital projects and spend the Bond proceeds. The Finance Director should be notified promptly if it appears after the Bonds are issued that this expectation may not be fulfilled.

To qualify for a safe-harbor available under the Code that avoids having a Bond issue treated as creating “replacement proceeds” subject to arbitrage requirements and is a condition to the pursuit of any “remedial action” to cure a change in use of Bond-financed facilities, the County should also reasonably expect that the weighted average maturity of governmental new money Bonds will not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Bond issue. The Finance Director should be notified promptly if it appears after the Bonds are issued that this expectation may not be fulfilled.

Bond proceeds intended to finance a particular project shall be deposited in and maintained in a Bond capital sub-fund that supports that project, and shall not be commingled with funds from any other source. Such proceeds must be monitored on an issue-by-issue basis to ensure accurate calculations and accounting for investment and expenditure of proceeds as required by the Code.

Monitoring Bond Proceeds

Each Fund Manager shall submit a report to the Finance Director on a designated quarterly schedule until such time as either the project has been completed or the Bond proceeds have been fully expended, whichever is earlier. The report shall include the following information:

- Name of project funded by Bond proceeds
- Current and expected owners and users of Bond-financed property
- Fund managing project
- Fund paying debt service
- Original total project budget
- Original Bond proceeds
- Investment income on original Bond proceeds
- Expenditures paid from Bond proceeds and investment income
- Remaining unspent Bond proceeds and investment income
- Expectation of when remaining Bond proceeds will be spent or the project completed, whichever is sooner
- Expectation of the amount of Bond proceeds, if any, that will remain unspent upon project completion.

The Finance Director will use the individual project data submitted in these reports to update a Post-Bond Issuance Compliance Checklist (in substantially the form shown in the Attachment hereto) for each outstanding Bond issue.

Investment Bond Proceeds after Initial Three-Year Period

Except for a “minor portion” of the proceeds of the Bond issue (an amount of proceeds not greater than \$100,000) and investment earnings within 1 year of their receipt by the County, proceeds held in a capital sub-fund beyond 3 years after the Bond issuance date will not be invested in higher-yielding investments (i.e., will be “yield-restricted” to the yield on the related Bond issue—which may be accomplished by making yield-reduction payments to the IRS). Bond counsel and/or the outside arbitrage rebate analyst should be consulted to confirm any yield-reduction plan.

Disposition of Bond Proceeds after Initial Three-Year Period

If Bond proceeds remain in a Bond capital sub-fund on the date that is 3 years after the date of issuance, the Finance Director will consult with Fund Managers regarding the expected expenditure of the remaining proceeds. If at least 60% of total Bond proceeds have been expended and all remaining Bond proceeds are expected to be used for completion of the project by the date that is 5 years after the date of issuance, the Bond proceeds will remain in the Bond capital sub-fund until expended for the project. The Finance Director will consult with Fund Managers annually to confirm that the Bond proceeds in the Bond capital sub-fund are being expended on schedule. Fund Managers will retain records of any delays in project construction and revisions to expected project schedules.

If less than 60% of total Bond proceeds have been spent after the initial 3 year period or if all remaining Bond proceeds are not expected to be used for completion of the project by the end of

the initial 5 year period, the Finance Director will consult with Fund Managers, Office of Performance, Strategy and Budget (“PSB”) and bond counsel to develop an acceptable plan for the EFC that outlines a proposed expenditure of the remaining proceeds. Remaining proceeds may generally be used for (1) additional expenditures on the project, which may include a limited amount of related working capital expenditures, (2) expenditures on alternative capital projects approved by the County Council, or (3) payment of debt service (including prepayment of principal) on the Bonds.

Once approved by the EFC, Bond proceeds that are to be used for completion of the project will remain in the Bond capital sub-fund, and Bond proceeds that are to be used for alternative capital projects will be transferred from the Bond capital sub-fund for the project to a capital sub-fund or sub-funds for the alternative projects. The Finance Director will consult with Fund Managers annually to confirm that the Bond proceeds in the capital sub-funds are being expended in accordance with the plan approved by the EFC.

Bond proceeds that are to be used to pay or prepay the Bond issue will be transferred from the Bond capital sub-fund to the County debt service fund that services those Bonds. This deposit to the debt service fund will be expended to pay or prepay principal on the Bonds within 1 year of deposit. If the full amount of the deposit cannot be expended to make principal payments within one year, Bond counsel should be consulted to ensure that the deposit, investment and expenditure of the debt service funds will comply with all applicable arbitrage requirements.

In all cases, if Bond proceeds have not been expended or are not expected to be expended by the end of the initial 5 year period, the Finance Director will consult with bond counsel regarding the expenditure of any remaining unspent proceeds.

In all cases, other than where proceeds are held for remaining or additional costs of the original purpose, the Bond capital sub-fund that held the original Bond proceeds will be closed.

Private Activity Bond Considerations

When Bonds are issued, the County must reasonably expect that the Bonds will not be “private activity bonds.” A Bond is a private activity bond if the Bond issue meets either (a) both private business tests (the “Private Business Tests”) or (b) the private loan test (the “Private Loan Test”). The Private Business Tests are met if (a) there is more than the lesser of 10% or \$15 million private business use of the proceeds of an issue (the “Private Business Use Test”) AND (b) there is more than the lesser of 10% or \$15 million private payments or private security interest. The Private Loan Test is met if more than 5% (or \$5 million if less) of the proceeds is treated as being loaned to nongovernmental entities.

Private business use is use of tax exempt bond financed property in a trade or business carried on by a person other than a state or local government entity for governmental purposes (“qualified users”). Private business use can arise from a lease, management contract, sponsored research agreement or any other arrangement that gives anyone, other than a qualified user, special legal entitlements with respect to the use of the Project. Use by the federal government generally constitutes private business use.

Bond counsel will assist the County in evaluating these tests when Bonds are issued as governmental bonds, and the County’s tax certificate delivered in connection with the issuance of

each Bond issue will provide guidance as to appropriate expected uses of those Bond proceeds. Monitoring ownership and use of Bond-financed property is essential to ensuring that the Bonds do not become private activity bonds as a result of post-issuance actions.

Monitoring Ownership and Use of Bond-Financed Property

The Finance Director will monitor the ownership and use of property financed by each issue of Bonds for so long as those Bonds are outstanding. Before entering into any arrangement with a non-governmental person that involves the sale or use of Bond-financed property that is different from what was contemplated when the Bonds were issued, the user must provide the Finance Director with a description of the proposed sale or non-governmental use arrangement in order to determine whether the proposal would be consistent with the restrictions on private business use of the Bond-financed property.

In connection with the evaluation of any proposed sale or non-governmental use arrangement, the Finance Director will consult with bond counsel to obtain advice on whether the proposal would be consistent with the restrictions on private business use of the Bond-financed property, and, if not, whether any “remedial action” permitted under the Code may be taken by the County to permit the proposal to be put into effect without adversely affecting the tax-exempt status of the Bonds.

The Finance Director and the user of the property shall maintain records of such sales or non-governmental use arrangements, if any, of Bond-financed property, including copies of the pertinent leases, contracts or other documentation, and the related determination that those sales or non-governmental uses are not inconsistent with the tax-exempt status of the Bonds.

Section B: TAX-EXEMPT NEW MONEY QUALIFIED 501(c)(3) BONDS

Introduction

From time to time, the County finds it advantageous to issue tax-exempt bonds as “Qualified 501(c)(3) Bonds” instead of Tax-Exempt New Money Governmental Bonds. This occurs in transactions financing County facilities that will be leased or used by a nonprofit organization, such as a museum, a health care provider, an educational institution or any other organization that has been determined to be a charitable organization under Section 501(c)(3) of the Code (a “501(c)(3) organization”).

Governmental Bonds vs. Qualified 501(c)(3) Bonds

All property financed with qualified 501(c)(3) bond proceeds must be owned by a 501(c)(3) organization or a state or local governmental unit (which, of course, may be the County). Like governmental bonds, qualified 501(c)(3) bonds are subject to the Private Business Tests except that “qualified uses” of qualified 501(c)(3) bonds include both (i) use by a 501(c)(3) organization with respect to its activities that do not constitute unrelated trades or businesses and (ii) use by a state or local governmental unit. Any other use, including use of qualified 501(c)(3) bond proceeds to pay bond issuance costs, is a “non-qualifying use.” The Private Business Use Test is met with respect to qualified 501(c)(3) bonds if more than 5% of the net proceeds thereof are used for a non-qualifying use, and the private security or payment test is met if debt service on more than 5% of the proceeds of a qualified 501(c)(3) bond issue is secured by an interest in property or payments in respect of property used for a non-qualifying use.

Additional Requirements for Qualified 501(c)(3) Bonds

In addition to the requirements described previously for Tax-Exempt New Money Governmental Bonds, which also apply to Qualified 501(c)(3) Bonds, the County must adhere to certain additional requirements. Bond counsel will assist the County in complying with all requirements at Bond issuance and in documenting the County's expectations when Bonds are issued.

Section C: TAX-EXEMPT REFUNDING BONDS

Tax-Exempt Refunding Bonds

Refunding Bond proceeds are used to refinance existing bonds of the County ("Refunded Bonds"), usually to achieve debt service savings, but sometimes for other reasons, such as restructuring debt or defeasing bonds that contain covenants or other restrictions unfavorable to the County. The proceeds of Refunding Bonds (including investment earnings on original sale proceeds and unspent proceeds of the Refunded Bonds), other than proceeds used to pay costs of issuance or deposited in a reasonably required reserve fund, if any, should be spent to pay the redemption price or maturing principal of the Refunded Bonds. The County typically works closely with its financial advisor and bond counsel to structure any issue of Refunding Bonds to avoid having bond proceeds that are not applied at closing for the refunding purpose, to ensure compliance with refunding limits, and to ensure that yield restrictions applicable to the Refunding Bonds are satisfied. Generally, Refunding Bond proceeds should not be invested except as prescribed by the escrow agreement (if any) or as approved by bond counsel.

Eligibility of Refunding Bonds for tax-exempt status is derived, in part, from the qualification for tax exemption of the original new money issues, and any subsequent refunding issue, to be refunded by the Refunding Bonds. As a matter of diligence, prior to the issuance of Refunding Bonds, the Finance Director may be asked to provide information about post-issuance compliance with respect to the Refunded Bonds, particularly as it relates to unspent proceeds and private business use of Bond-financed facilities. The Finance Director should be prepared to provide accurate data to the County's financial advisor and bond counsel concerning unspent proceeds, in order to assure compliance with federal tax law requirements. In addition, the Finance Director should be prepared to demonstrate to the County's financial advisor and bond counsel that the property financed by the Refunded Bonds has not been used for private business use or financed any private loan in any manner that would cause the Refunded Bonds to meet either the private business tests or the private loan financing test at any time during the life of the Refunded Bonds.

Monitoring Use of Refunding Bond Proceeds

The escrow agreement and verification report, if any, prepared in connection with the issuance of Refunding Bonds should be retained by the Finance Director with the records maintained for both the Refunded Bonds and the Refunding Bonds to confirm the proper application of all proceeds of the Refunding Bonds.

Monitoring Ownership and Use of Bond-Financed Property

When Refunding Bonds are issued, the property that was financed from the proceeds of the Refunded Bonds remains subject to whatever restrictions on use that applied when the Refunded Bonds were issued. Continued compliance with the New Money Post-Bond Issuance Compliance Procedures and, if there are unspent proceeds of the Refunded Bonds when the Refunding Bonds are issued, the Arbitrage Rebate requirements, will be necessary.

ATTACHMENT

King County Finance and Business Operations Division

**POST-BOND ISSUANCE COMPLIANCE CHECKLIST
TAX-EXEMPT BONDS**

_____ (the “Bonds”)

DATE OF ISSUE: _____

Deadline	Requirement	Status
While Sale Proceeds of Bonds Unspent	Reasonable method of allocating expenditures of Bond proceeds implemented (e.g., specific tracing; Bond-proceeds-spent-first; first-in, first-out; or ratable allocation method); keep detailed records until at least the third anniversary of the retirement of the Bonds or any Bonds that refinanced the Bonds.	
	New Money Bonds	
During Project Construction	Project to proceed with due diligence to completion.	
(6 months after Date of Issue) _____, ____	<p>(a) 5% or more of Bond Proceeds (net of reserves) must be committed to Project; use of Bond proceeds to complete the Project must proceed with due diligence.</p> <p>(b) (1) 95% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception.</p> <p>(2) 15% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception.</p> <p>(3) 10% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).</p> <p>[(b)(1), (2) and (3) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.]</p>	

Deadline	Requirement	Status
(12 months after Date of Issue) _____, ____	<p>(a) 100% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception.</p> <p>(b) 60% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception.</p> <p>(c) 45% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).</p> <p>[(a), (b) and (c) are rebate spend-down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.].</p>	
(18 months after Date of Issue) _____, ____	<p>(a) 100% of Bond proceeds (net of reserves, reasonable retainage not exceeding 5% of Bond proceeds and \$250,000, but including actual construction period earnings) must be spent in order to qualify for 18-month arbitrage rebate exception.</p> <p>(b) 75% or more of Bond proceeds (net of reserves but including originally anticipated construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).</p> <p>[(a) and (b) are rebate spend down alternatives, which may or may not be applicable to a given Bond issue. The tax certificate for such Bonds should provide guidance on these exceptions to rebate.].</p>	
(2 years) _____, ____	<p>100% of Bond proceeds (net of reserves, reasonable retainage not exceeding 5% of Bond proceeds and \$250,000, but including actual construction period earnings) must be spent in order to qualify for 24-month arbitrage rebate exception (construction issues only).</p>	
(3 years) _____, ____	<p>85% or more of Bond proceeds (net of reserves) must have been reasonably expected to be spent on Project expenses in order to satisfy temporary period and no-premature issuance requirements; unspent proceeds must be “yield-restricted” after this date, except for \$100,000 “minor portion” and investment earnings for up to 1 year after receipt.</p>	
Earlier of 3 years after date of expenditure or 18 months after Project is completed and placed in service	<p>Last day to be reimbursed from Sale Proceeds of Bonds for pre-issuance Project expenditures (other than for “preliminary expenditures” for items such as architectural, engineering, surveying, planning and similar costs). This is a rolling deadline, corresponding to when pre-issuance expenditures were made.</p>	
No later than 5 years after Date of Issue	<p>Last day to reallocate Bond proceeds and other sources of funding among Project facilities is 18 months after the later of date expenditure made or date Project placed in service, but not later than earlier of 5 years after Date of Issue or 60 days after Bonds retired.</p>	

Deadline	Requirement	Status
	Refunding Bonds	
At Call Date of Refunded Bonds	Verify that escrowed funds were applied to redeem the Refunded Bonds	
(6 months after Date of Issue) _____, ____	95% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception. [Only rebate exception allocable to refunding bonds]	
(12 months after Date of Issue) _____, ____	100% of Bond proceeds must be spent in order to qualify for 6-month arbitrage rebate exception.	
	All Bonds	
While Proceeds of Bonds Unspent	Keep detailed records of expenditures of and investment earnings on Bond proceeds.	
No later than 5 years after Date of Issue	First mandatory arbitrage Rebate Determination Date; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO REBATE DETERMINATION DATE. NOTE: UNLESS AN ELECTION TO THE CONTRARY WAS MADE WHEN THE BONDS WERE ISSUED, ARBITRAGE REBATE SPENDING EXCEPTIONS DO NOT APPLY TO INVESTMENTS HELD IN DEBT SERVICE RESERVE FUNDS FOR REVENUE BOND ISSUES, AND THOSE INVESTMENTS ARE SUBJECT TO REBATE FROM THE BOND ISSUANCE DATE.	
Every five years from the Date of Issue; and on the last day of every fifth bond year.	Interim mandatory arbitrage Rebate Determination Dates; 90% or more of accrued positive arbitrage (if any) must be paid within 60 days of each date. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO EACH INTERIM RATE DETERMINATION DATE.	
While Bonds or any Refunding Bonds Remain Outstanding	No Change of Use. CONSULT WITH BOND COUNSEL PRIOR TO ANY ARRANGEMENT POSSIBLY RESULTING IN ANY SALE, LEASE OR OTHER CHANGE OF USE OR FAILURE TO MEET QUALIFIED COST PERCENTAGE.	
While Bonds or any Refunding Bonds Remain Outstanding	If event of possible non-compliance with applicable sections of Code or Regulations, CONSULT WITH BOND COUNSEL IMMEDIATELY TO DETERMINE IF REMEDIAL ACTION IS NECESSARY.	
While Bonds or any Refunding Bonds Remain Outstanding	Consult with Bond Counsel on a periodic basis for any changes in the applicable laws or changes in the interpretation of applicable laws.	
While Bonds or any Refunding Bonds Remain Outstanding	“Significant Modification” to material term of Bonds – Re-issuance. Monitor all finance transactions related to Bonds and CONSULT WITH BOND COUNSEL IF POSSIBLE CHANGE IN MATERIAL TERMS OF BONDS.	

Deadline	Requirement	Status
(maturity of Bonds or date of final retirement of Bonds or any Refunding Bonds, if earlier) _____, ____	Final mandatory arbitrage Rebate Determination Date; 100% of accrued positive arbitrage (if any) must be paid within 60 days. CONTACT REBATE ANALYST AT LEAST 60 DAYS PRIOR TO REBATE DETERMINATION DATE.	
(3 years after date of retirement of Bonds and any Refunding Bonds) _____, ____	Keep records of Bond documents including Rebate Reports, Bond Counsel opinions, IRS filings (including, without limitation, 8038-series forms) and all other documentation related to the Bonds.	

KING COUNTY INVESTMENT POOL

ISSUER DIVERSIFICATION, CREDIT EXPOSURE and COMPLIANCE REPORT

9/30/2019

The investment pool complies with all constraints listed in Schedule 1 of the investment policy

	Book Value	% of Portfolio	Issuer Limits/Restrictions	Credit Agency Ratings		Minimum Credit Restrictions	Maximum Maturity
				S&P	Moody's		
U.S. TREASURIES		100%	NONE			NONE	5 Years
U.S. T-BILLS OR T-NOTES	\$2,746,896,630.52	39.7%	In Compliance	AA+	Aaa	In Compliance	In Compliance
GOVERNMENTAL AGENCIES		100%	35% per agency across investment type			NONE	5 Years
INTERNATIONAL BANK FOR RECON & DEV (IBRD)	\$496,783,535.87	7.2%	In Compliance	AAA	Aaa	In Compliance	In Compliance
INTER-AMERICAN DEV BANK (IADB)	\$249,727,997.41	3.6%	In Compliance	AAA	Aaa	In Compliance	In Compliance
FEDERAL HOME LOAN BANK (FHLB)	\$243,602,936.60	3.5%	In Compliance	AA+	Aaa	In Compliance	In Compliance
FEDERAL NATIONAL MORTGAGE ASSOC. (FNMA)	\$203,173,559.75	2.9%	In Compliance	AA+	Aaa	In Compliance	In Compliance
EUROPEAN BANK FOR RECON & DEV (EBRD)	\$162,080,653.77	2.3%	In Compliance	AAA	Aaa	In Compliance	In Compliance
FEDERAL FARM CREDIT BANK (FFCB)	\$149,965,817.52	2.2%	In Compliance	AA+	Aaa	In Compliance	In Compliance
FEDERAL HOME LOAN MORTGAGE CORP (FHLMC)	\$114,942,871.82	1.7%	In Compliance	AA+	Aaa	In Compliance	In Compliance
INTERNATIONAL FINANCE CORP (IFC)	\$102,282,939.44	1.5%	In Compliance	AAA	Aaa	In Compliance	In Compliance
ASIAN DEVELOPMENT BANK (ASIA)	\$78,382,628.57	1.1%	In Compliance	AAA	Aaa	In Compliance	In Compliance
U.S. AGENCY MORTGAGE BACKED SECURITIES		Not to exceed 25%	35% per agency			NONE	5 Year Average Live
CMO AGENCIES FNMA	\$3,436,138.56	0.0%	In Compliance	AA+	Aaa	In Compliance	In Compliance
REPURCHASE AGREEMENTS		100.0%	Not to exceed 25% per dealer			A1/P1^{(1) (2)}	60 Days
WELLS FARGO SECURITIES, INC. TRI-PARTY REPO	\$313,000,000.00	4.5%	In Compliance	A-1	N/A	In Compliance	In Compliance
LOCAL GOVERNMENT INVESTMENT POOL		Not to exceed 25%	State of WA LGIP only			NONE	N/A
WASHINGTON STATE TREASURER'S LGIP	\$781,204,653.97	11.3%	In Compliance	N/A	N/A		
OVERNIGHT DEPOSITS		100%	NONE			COLLATERALIZED	
	\$38,276,888.76	0.6%					
COMMERCIAL PAPER		Not to exceed 25% combined with Corp Notes	5% per issuer across investment type			A1/P1, If >100 days A or better	270 Days
TORONTO DOMINION	\$99,719,444.45	1.4%	In Compliance	A-1+	P-1	In Compliance	In Compliance
ROYAL BANK OF CANADA	\$99,269,111.11	1.4%	In Compliance	A-1+	P-1	In Compliance	In Compliance
BANK OF NOVA SCOTIA	\$49,991,666.67	0.7%	In Compliance	A-1	P-1	In Compliance	In Compliance
CORPORATE NOTES		Not to exceed 25% combined with CP	5% per issuer across investment type			A or better⁽³⁾	5 Years
		14.3%	In Compliance				
APPLE INC	\$132,409,500.15	1.9%	In Compliance	AA+	Aa1	In Compliance	In Compliance
BANK OF MONTREAL	\$110,989,533.65	1.6%	In Compliance	A+	Aa2	In Compliance	In Compliance
TORONTO DOMINION	\$101,570,117.99	1.5%	In Compliance	AA-	Aa1	In Compliance	In Compliance
MICROSOFT	\$98,264,601.40	1.4%	In Compliance	AAA	Aaa	In Compliance	In Compliance
US BANK N.A.	\$85,428,053.05	1.2%	In Compliance	AA-	A1	In Compliance	In Compliance
PNC BANK	\$80,000,000.00	1.2%	In Compliance	A	A2	In Compliance	In Compliance
PROCTER & GAMBLE	\$79,361,981.39	1.1%	In Compliance	AA-	Aa3	In Compliance	In Compliance
BANK OF NEW YORK MELLON	\$75,000,000.00	1.1%	In Compliance	AA-	Aa2	In Compliance	In Compliance
JP MORGAN	\$50,511,786.64	0.7%	In Compliance	A+	Aa2	In Compliance	In Compliance
BANK OF NOVA SCOTIA	\$42,720,006.10	0.6%	In Compliance	A+	Aa2	In Compliance	In Compliance
UPS	\$29,519,788.31	0.4%	In Compliance	A	A2	In Compliance	In Compliance
HONEYWELL	\$28,126,440.66	0.4%	In Compliance	A	A2	In Compliance	In Compliance
CANADIAN IMPERIAL BANK	\$27,365,101.60	0.4%	In Compliance	A+	Aa2	In Compliance	In Compliance
3M CO	\$24,976,209.26	0.4%	In Compliance	AA-	A1	In Compliance	In Compliance
WALT DISNEY CO	\$14,999,447.45	0.2%	In Compliance	A	A2	In Compliance	In Compliance
HOME DEPOT INC	\$7,983,629.62	0.1%	In Compliance	A	A2	In Compliance	In Compliance

\$6,921,963,672.06	100.0%
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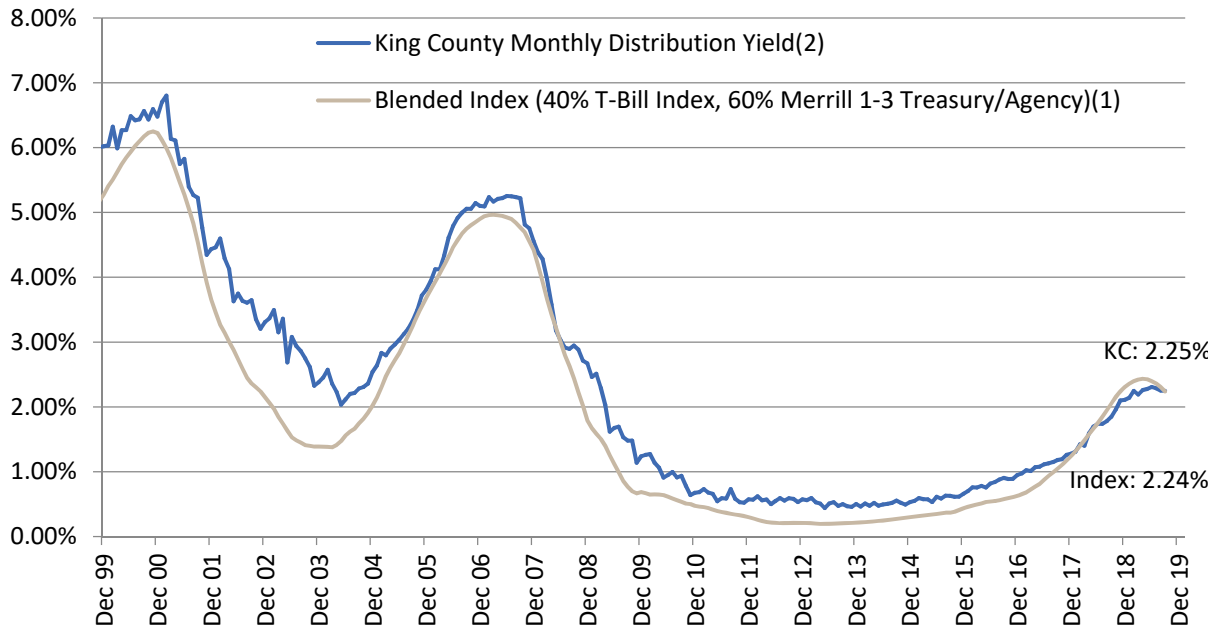
ADDITIONAL PORTFOLIO LEVEL REQUIREMENTS	Actual	Status
Effective Duration Less Than 1.5 Years	0.930	In Compliance
40% of Portfolio Value 12 Months or Less	65.1%	In Compliance
Corporate Exposure Not Greater Than 50%	17.9%	In Compliance
Corp Notes & CP ≤ 25%	17.9%	In Compliance
Maximum Duration of Corp Note Portfolio ≤ 3 years	1.063	In Compliance

(1) Must be rated by at least one nationally recognized rating agency

(2) Also backed by collateral

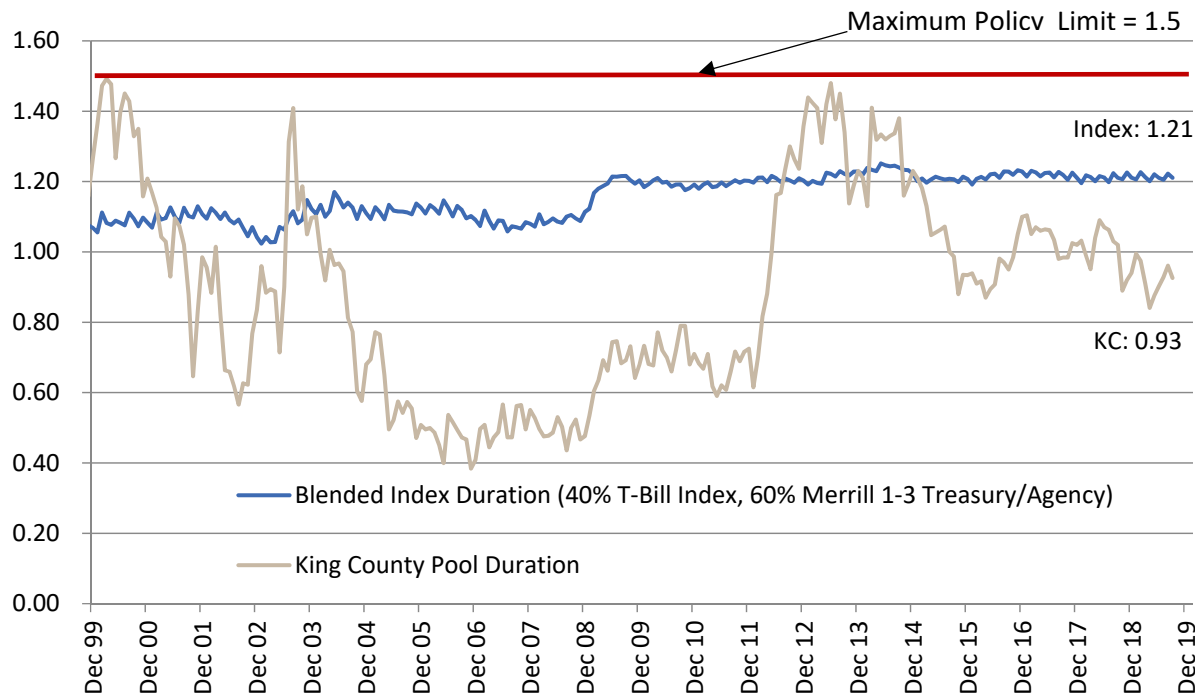
(3) Must be rated by at least 2 nationally recognized rating agencies

King County Monthly Distribution Yield Versus Custom Index⁽¹⁾



(1) Does not include any negative distributions from the impaired pool

King County Monthly Duration Versus Custom Index



SEPTEMBER 2019 TRANSACTIONS



DESCRIPTION	AVG RATE	AVG PAR
PURCHASES		
Wells Fargo Tri-Repo	2.310	135,500,000.00

DESCRIPTION	COUPON	MATURITY	SETTLED	BK YLD	PAR VALUE	BOOK VALUE	GAIN/(LOSS)
PURCHASES							
TORONTO DOMINION	.000	11/20/2019	09/16/2019	2.027	100,000,000.00	99,635,277.78	0.00
INT BK RECON&DEV	1.376	05/24/2021	09/17/2019	1.861	25,000,000.00	24,799,500.00	0.00
INT BK RECON&DEV	1.376	05/24/2021	09/17/2019	1.863	25,000,000.00	24,798,750.00	0.00
IADB DISCOUNT NOTE	.000	12/02/2019	09/25/2019	1.907	50,000,000.00	49,820,555.56	0.00
BANK NOVA SCOTIA	.000	10/04/2019	09/27/2019	2.001	50,000,000.00	49,980,555.56	0.00
LGIP	2.196	10/01/2019	09/30/2019	2.196	1,434,192.37	1,434,192.37	0.00
FNMA DISCOUNT NOTE	.000	11/20/2019	09/30/2019	1.855	100,000,000.00	99,737,916.67	0.00
TOTAL PURCHASES					351,434,192.37	350,206,747.94	0.00

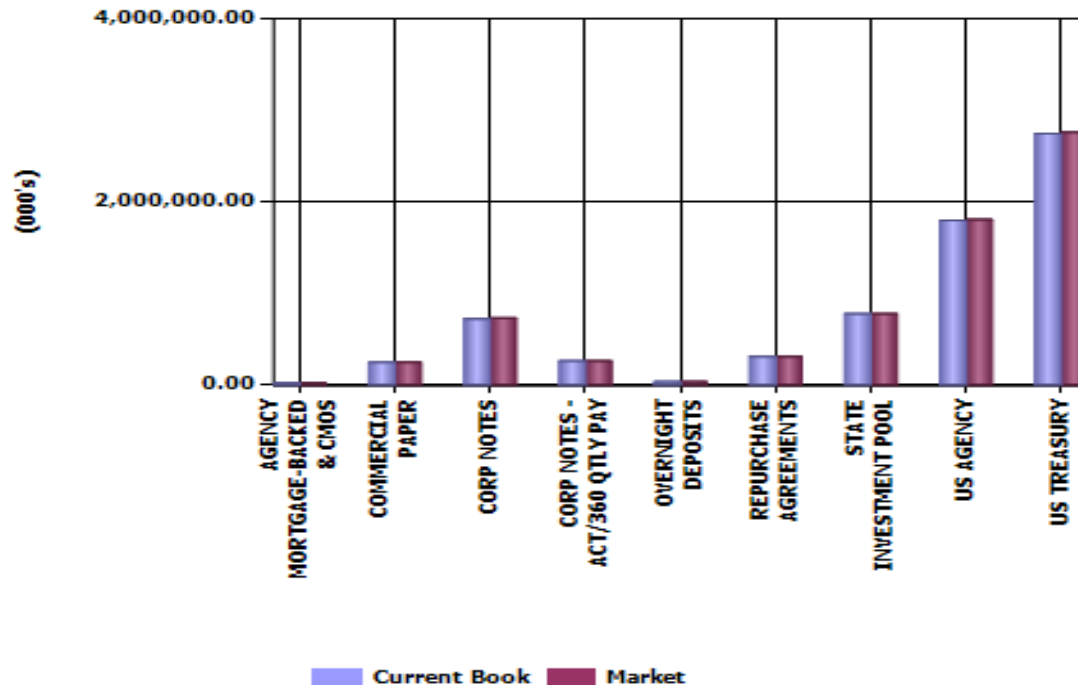
CALLS							
PNC BANK NA CALLABLE	2.400	10/18/2019	09/18/2019	1.817	15,000,000.00	15,000,000.00	0.00
PNC BANK NA CALLABLE	2.400	10/18/2019	09/18/2019	1.819	5,000,000.00	5,000,000.00	0.00
US BANK NA OHIO CALLABLE	2.125	10/28/2019	09/30/2019	2.144	25,000,000.00	24,999,654.98	345.02
US BANK NA OHIO CALLABLE	2.125	10/28/2019	09/30/2019	2.003	20,000,000.00	20,000,000.00	0.00
TOTAL CALLS					65,000,000.00	64,999,654.98	345.02

SELLS							
LGIP	2.196	10/01/2019	09/10/2019	2.196	50,000,000.00	50,000,000.00	0.00
TOTAL SELLS					50,000,000.00	50,000,000.00	0.00

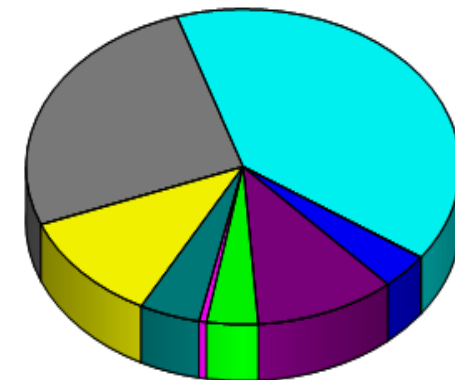


Assets (000's)	PAR	BOOK	MARKET	MKT/BK	YIELD
AGENCY MORTGAGE-BACKED & CMOS	3,392.48	3,436.14	3,647.50	106.15%	4.33%
COMMERCIAL PAPER	250,000.00	248,980.22	249,098.69	100.05%	2.24%
CORP NOTES	729,285.00	725,650.19	734,603.44	101.23%	2.60%
CORP NOTES - ACT/360 QTLY PAY	263,400.00	263,576.01	263,668.03	100.03%	2.45%
OVERNIGHT DEPOSITS	38,276.89	38,276.89	38,276.89	100.00%	0.00%
REPURCHASE AGREEMENTS	313,000.00	313,000.00	313,000.00	100.00%	2.38%
STATE INVESTMENT POOL	781,204.65	781,204.65	781,204.65	100.00%	2.20%
US AGENCY	1,804,125.00	1,797,506.80	1,807,931.79	100.58%	2.17%
US TREASURY	2,750,000.00	2,746,896.63	2,762,904.35	100.58%	2.21%
Totals (000's):	6,932,684.02	6,918,527.53	6,954,335.34	100.52%	2.25%

PORTFOLIO ALLOCATION



CURRENT PAR %



AGENCY MORTGAGE-BACKED & CMOS - 0%	REPURCHASE AGREEMENTS - 5%
COMMERCIAL PAPER - 4%	STATE INVESTMENT POOL - 11%
CORP NOTES - 11%	US AGENCY - 26%
CORP NOTES - ACT/360 QTLY PAY - 4%	US TREASURY - 40%
OVERNIGHT DEPOSITS - 1%	

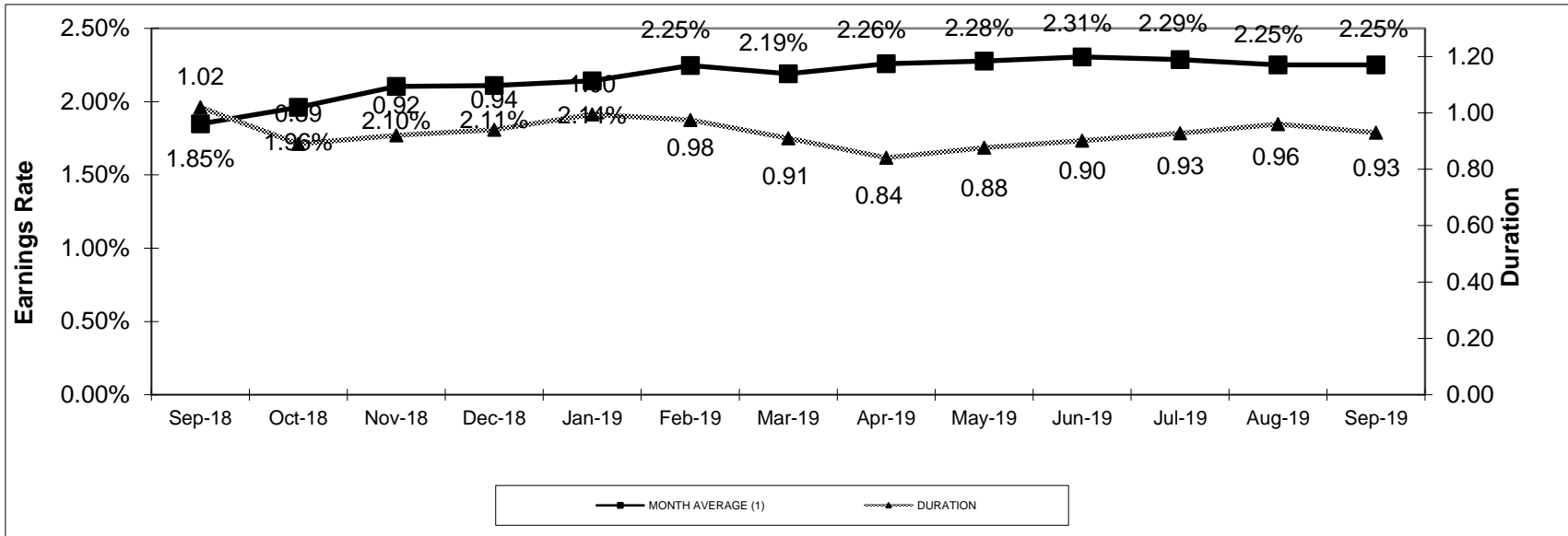
KING COUNTY INVESTMENT POOL

MATURITY DISTRIBUTION AS OF 09/30/2019

<u>CALL/MATURITY</u>	<u>DATE RANGE</u>	<u>NO OF INV</u>	<u>BOOK VALUE</u>	<u>%</u>	<u>CUM %</u>
0 TO 1 MONTHS	10/01/19 - 11/02/19	11	1,510,008,717.76	21.8%	21.8%
1 TO 3 MONTHS	11/03/19 - 12/31/19	7	394,070,251.03	5.7%	27.5%
3 TO 6 MONTHS	01/01/20 - 03/31/20	19	1,170,566,620.82	16.9%	44.4%
6 TO 12 MONTHS	04/01/20 - 09/30/20	27	1,429,661,477.91	20.7%	65.1%
12 TO 24 MONTHS	10/01/20 - 09/30/21	36	1,475,543,045.81	21.3%	86.4%
24 TO 36 MONTHS	10/01/21 - 09/30/22	12	396,739,849.77	5.7%	92.2%
36 TO ** MONTHS	10/01/22 -	11	541,937,570.40	7.8%	100.0%
GRAND TOTALS		123	6,918,527,533.50		

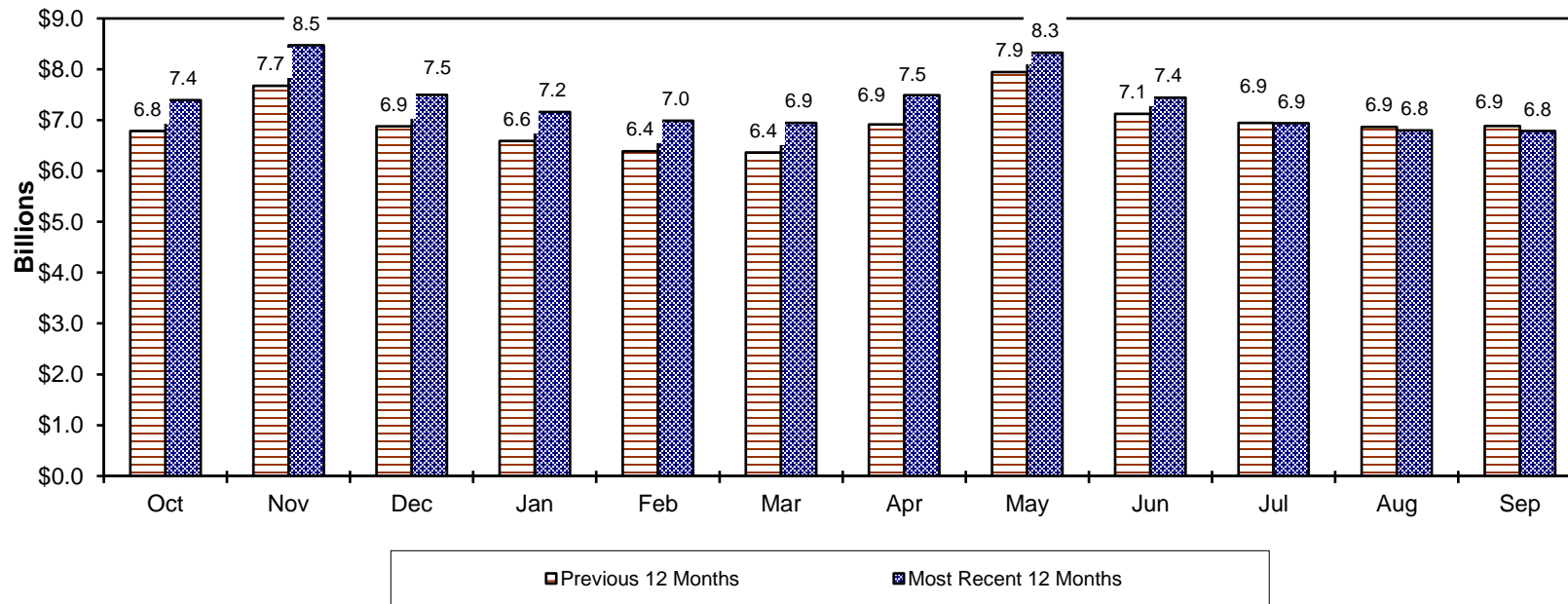
KING COUNTY INVESTMENT POOL

EARNINGS DISTRIBUTION RATE & EFFECTIVE DURATION



AVERAGE MONTHLY INVESTMENT POOL BALANCE

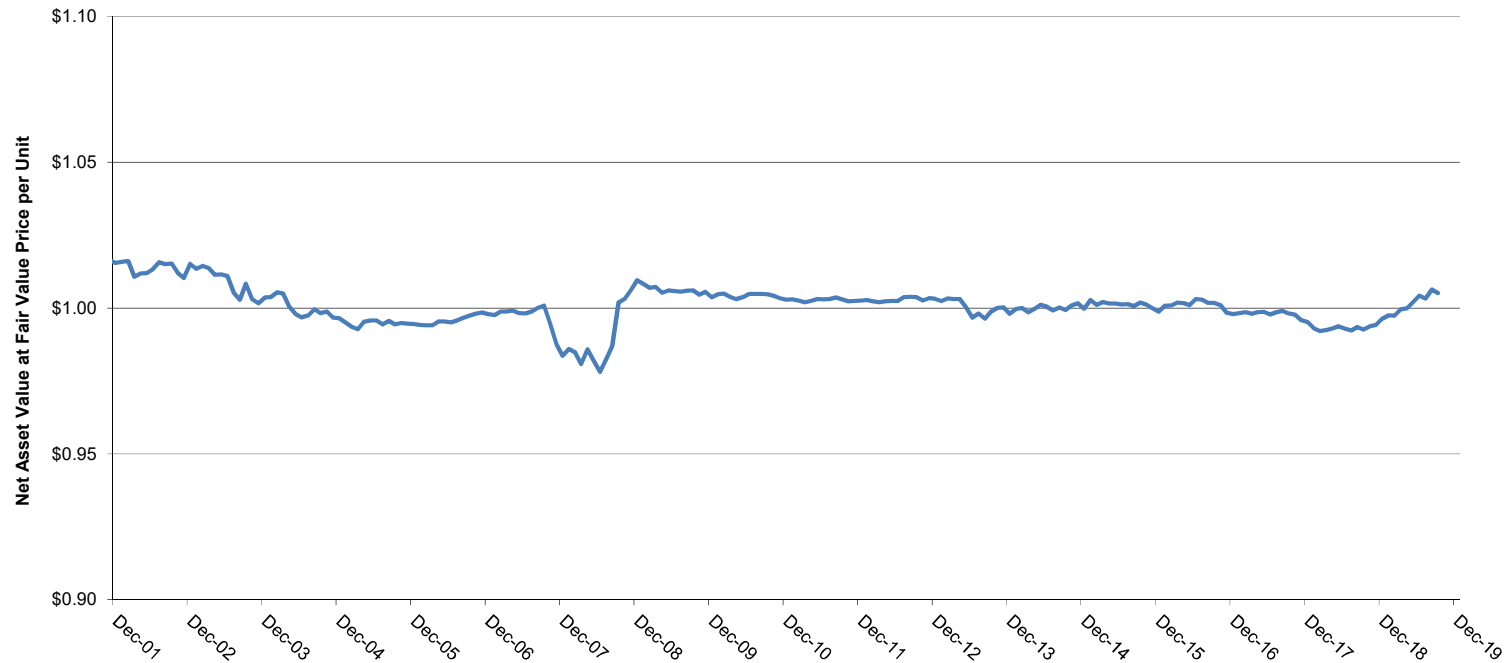
Billions



King County Investment Pool Fair Value Report

	07/31/19	08/31/19	09/30/19
Net Assets (1)			
Net Assets held in trust for pool participants	<u>\$ 7,031,874,385.21</u>	<u>\$ 6,962,033,410.59</u>	<u>\$ 6,916,720,310.21</u>
Net assets consist of:			
Participant units outstanding (\$1.00 par)	\$ 7,008,577,548.07	\$ 6,917,983,861.29	\$ 6,880,912,506.05
Undistributed and unrealized gains(losses)	<u>\$ 23,296,837.14</u>	<u>\$ 44,049,549.30</u>	<u>\$ 35,807,804.16</u>
Net Assets	<u>\$ 7,031,874,385.21</u>	<u>\$ 6,962,033,410.59</u>	<u>\$ 6,916,720,310.21</u>
Total Pool -- Net asset value at fair value price per unit	<u>\$1.0033</u>	<u>\$1.0064</u>	<u>\$1.0052</u>

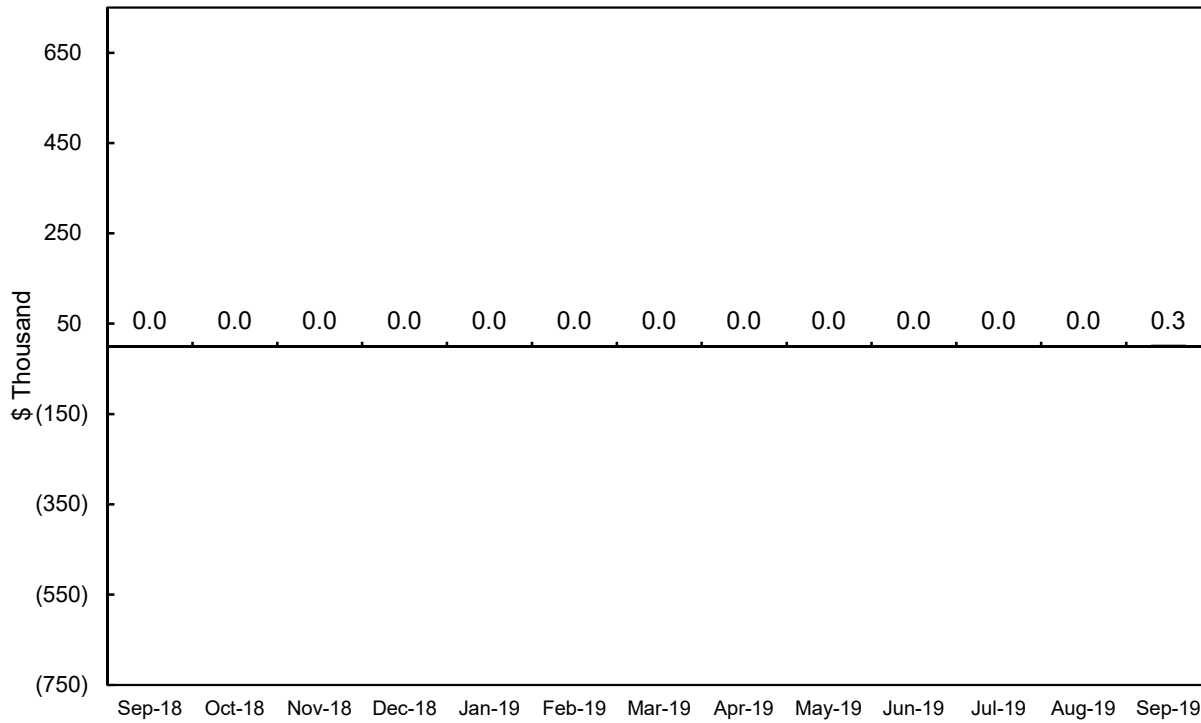
King County Investment Pool History of Fair Value per Dollar Invested (1)



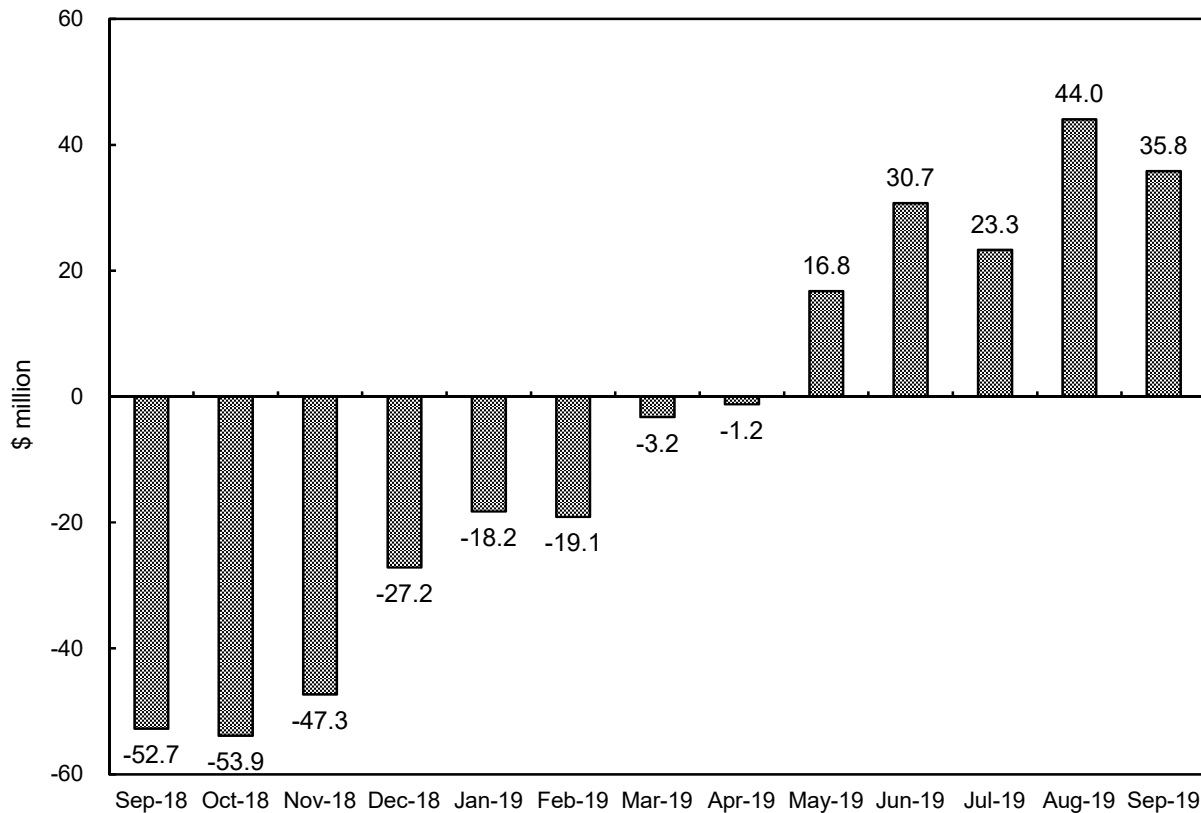
(1) Impaired securities were separated from main pool on 9/1/08

GAIN / LOSS SUMMARY

TOTAL REALIZED GAIN OR LOSS (1)



NET UNREALIZED GAIN OR LOSS (TOTAL PORTFOLIO)



(1) Excludes gains/losses from impaired CP

KING COUNTY TREASURY OPERATIONS
SEATTLE, WASHINGTON

PORTFOLIO DETAIL FINANCIAL ANALYSIS
AS OF 9/30/19

(MANFIN)

PAGE: 1

SORTING ORDER: MATD

RUN: 10/08/19 13:53:36

** FIXED INCOME **

INVSMT NUMBER	DESCRIPTION	INTEREST RATE	YIELD	MAT/CALL DATE	MARKET PRICE	CURRENT PAR	CURRENT BOOK	MARKET VALUE	UNREALIZED GAIN/LOSS	ANNUAL INCOME
711	LOCAL GOVT INVESTM	2.195520	2.195520	10/01/19	100.000000	781,204,653.97	781,204,653.97	781,204,653.97	.00	17,151,500.51
1522	CASH-US BANK	.001000	.001000	10/01/19	100.000000	34,082,890.85	34,082,890.85	34,082,890.85	.00	340.83
1523	CASH-KEY BANK	.001000	.001000	10/01/19	100.000000	3,813,993.92	3,813,993.92	3,813,993.92	.00	38.14
1524	CASH-BOFA	.001000	.001000	10/01/19	100.000000	380,003.99	380,003.99	380,003.99	.00	3.80
3755	Wells Fargo Tri-Re	2.380000	2.380000	10/01/19	100.000000	313,000,000.00	313,000,000.00	313,000,000.00	.00	7,449,400.00
3754	BANK NOVA SCOTIA	.000000	2.000778	10/04/19	99.982500	50,000,000.00	49,991,666.67	49,991,250.00	-416.67	1,000,388.81
3420	INT BK RECON&DEV	1.876000	2.787328	10/07/19	99.995000	58,626,000.00	58,617,392.56	58,623,068.70	5,676.14	1,634,099.14
3029	INTERAMER DEV BK	1.750000	1.611015	10/15/19	99.990000	100,000,000.00	100,005,221.62	99,990,000.00	-15,221.62	1,611,014.91
2703	FANNIE MAE	1.000000	1.091132	10/24/19	99.940000	100,000,000.00	99,994,365.63	99,940,000.00	-54,365.63	1,091,132.43
3046	TORONTO DOM BANK	1.900000	1.951225	10/24/19	99.991000	33,920,000.00	33,918,931.29	33,916,947.20	-1,984.09	661,855.67
3049	PROCTER & GAMBLE	1.750000	1.767888	10/25/19	99.974000	35,000,000.00	34,999,597.26	34,990,900.00	-8,697.26	618,760.95
2729	FED HOME LN BANK	1.375000	1.382876	11/15/19	99.932000	35,000,000.00	34,999,668.58	34,976,200.00	-23,468.58	484,006.74
3741	Toronto Dominion	.000000	2.027394	11/20/19	99.708333	100,000,000.00	99,719,444.45	99,708,333.00	-11,111.45	2,027,394.35
3756	FNMA DISCOUNT NOTE	.000000	1.854861	11/20/19	99.739000	100,000,000.00	99,743,055.56	99,739,000.00	-4,055.56	1,854,861.26
3260	US TREASURY NOTE	1.500000	2.425699	11/30/19	99.908000	50,000,000.00	49,925,815.21	49,954,000.00	28,184.79	1,212,849.36
3750	IADB Discount NT	.000000	1.906843	12/02/19	99.678000	50,000,000.00	49,836,388.89	49,839,000.00	2,611.11	953,421.70
3419	BANK OF MONTREAL	2.100000	3.064064	12/12/19	100.008000	10,000,000.00	9,981,436.14	10,000,800.00	19,363.86	306,406.39
3405	US Treasury Note	1.375000	2.724251	12/15/19	99.895000	50,000,000.00	49,864,442.20	49,947,500.00	83,057.80	1,362,125.43
3251	US TREASURY NOTE	1.625000	2.429371	12/31/19	99.914000	50,000,000.00	49,902,391.78	49,957,000.00	54,608.22	1,214,685.37
3406	US Treasury Note	1.625000	2.733946	12/31/19	99.914000	50,000,000.00	49,865,001.75	49,957,000.00	91,998.25	1,366,973.06
3598	ROYAL BK CANADA	.000000	2.578197	01/13/20	99.399111	100,000,000.00	99,269,111.11	99,399,111.00	129,999.89	2,578,196.52
2781	US TREASURY NOTE	1.375000	1.504545	01/15/20	99.848000	100,000,000.00	99,963,330.27	99,848,000.00	-115,330.27	1,504,544.64
3122	US BANK NA OHIO CA	2.350000	2.373171	12/23/19C	100.071000	50,000,000.00	49,996,486.30	50,035,500.00	39,013.70	1,186,585.70
3270	US TREASURY NOTE	1.250000	2.527363	01/31/20	99.777000	50,000,000.00	49,792,550.67	49,888,500.00	95,949.33	1,263,681.70
3338	US TREASURY NOTE	1.250000	2.585898	01/31/20	99.777000	50,000,000.00	49,782,986.10	49,888,500.00	105,513.90	1,292,949.03
2788	APPLE INC	1.550000	1.810661	02/07/20	99.853000	14,034,000.00	14,021,481.73	14,013,370.02	-8,111.71	254,108.19
3556	APPLE INC	1.550000	2.642577	02/07/20	99.853000	47,132,000.00	46,953,487.54	47,062,715.96	109,228.42	1,245,499.41
2888	MICROSOFT CORP CAL	1.850000	1.736140	02/12/20	99.916000	36,104,000.00	36,118,594.35	36,073,672.64	-44,921.71	626,816.11
3339	US TREASURY NOTE	1.375000	2.605454	02/15/20	99.785000	50,000,000.00	49,775,594.95	49,892,500.00	116,905.05	1,302,726.89
3437	US TREASURY NOTE	1.375000	2.770935	02/15/20	99.785000	50,000,000.00	49,744,763.01	49,892,500.00	147,736.99	1,385,467.42
2864	US TREASURY NOTE	1.250000	1.366848	02/29/20	99.734000	100,000,000.00	99,952,722.46	99,734,000.00	-218,722.46	1,366,847.73
2815	WALT DISNEY CO	1.950000	1.959000	03/04/20	99.953000	15,000,000.00	14,999,447.45	14,992,950.00	-6,497.45	293,850.04
2880	FED HOME LOAN BANK	1.875000	1.588108	03/13/20	100.006000	100,000,000.00	100,125,338.40	100,006,000.00	-119,338.40	1,588,107.64
3360	US TREASURY NOTE	1.625000	2.575944	03/15/20	99.887000	50,000,000.00	49,789,172.33	49,943,500.00	154,327.67	1,287,972.13
3191	FED HOME LN BANK	2.375000	2.383802	03/30/20	100.252000	30,000,000.00	29,998,688.07	30,075,600.00	76,911.93	715,140.65
3231	INT BK RECON & DEV	1.376000	2.553294	03/30/20	99.670000	131,524,000.00	130,779,690.70	131,089,970.80	310,280.10	3,358,194.09
3435	US TREASURY NOTE	2.250000	2.794137	03/31/20	100.176000	100,000,000.00	99,735,781.85	100,176,000.00	440,218.15	2,794,136.90
3055	US TREASURY NOTE	1.500000	1.699612	04/15/20	99.801000	75,000,000.00	74,921,210.58	74,850,750.00	-70,460.58	1,274,709.30
3059	EURO BK RECON & DE	1.626000	1.804759	05/05/20	99.799000	62,185,000.00	62,120,910.17	62,060,008.15	-60,902.02	1,122,289.52
2908	APPLE INC	1.800000	1.835100	05/11/20	99.934000	20,000,000.00	19,995,849.28	19,986,800.00	-9,049.28	367,020.04
3390	US TREASURY NOTE	1.500000	2.787318	05/15/20	99.773000	50,000,000.00	49,611,035.98	49,886,500.00	275,464.02	1,393,659.06
3436	US TREASURY NOTE	1.500000	2.816019	05/15/20	99.773000	50,000,000.00	49,601,993.09	49,886,500.00	284,506.91	1,408,009.72

KING COUNTY TREASURY OPERATIONS
SEATTLE, WASHINGTON

P O R T F O L I O D E T A I L F I N A N C I A L A N A L Y S I S
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** FIXED INCOME **

INVSMT NUMBER	DESCRIPTION	INTEREST RATE	YIELD	MAT/CALL DATE	MARKET PRICE	CURRENT PAR	CURRENT BOOK	MARKET VALUE	UNREALIZED GAIN/LOSS	ANNUAL INCOME
2490	US Treasury Note	1.500000	1.432685	05/31/20	99.754000	100,000,000.00	100,043,202.40	99,754,000.00	-289,202.40	1,432,685.42
3450	US TREASURY NOTE	1.375000	2.870042	05/31/20	99.660000	66,000,000.00	65,362,582.21	65,775,600.00	413,017.79	1,894,227.87
3061	US TREASURY NOTE	1.500000	1.678610	06/15/20	99.742000	100,000,000.00	99,876,916.42	99,742,000.00	-134,916.42	1,678,609.69
3246	US TREASURY NOTE	1.875000	2.514445	06/30/20	100.008000	50,000,000.00	49,768,609.98	50,004,000.00	235,390.02	1,257,222.53
3391	US TREASURY NOTE	1.875000	2.810881	06/30/20	100.008000	50,000,000.00	49,660,613.31	50,004,000.00	343,386.69	1,405,440.54
3451	US TREASURY NOTE	1.875000	2.873622	06/30/20	100.008000	50,000,000.00	49,637,457.24	50,004,000.00	366,542.76	1,436,811.00
3057	US TREASURY NOTE	1.500000	1.733197	07/15/20	99.719000	75,000,000.00	74,865,612.40	74,789,250.00	-76,362.40	1,299,897.87
3454	US TREASURY NOTE	1.500000	2.899151	07/15/20	99.719000	50,000,000.00	49,464,850.06	49,859,500.00	394,649.94	1,449,575.71
3207	INTL FIN CORP	1.626000	2.482790	07/16/20	99.770000	53,000,000.00	52,652,570.10	52,878,100.00	225,529.90	1,315,878.95
3232	INTL FIN CORP	1.626000	2.593442	07/16/20	99.770000	50,000,000.00	49,630,369.34	49,885,000.00	254,630.66	1,296,721.17
3634	US BANK NA OHIO CA	2.532750	2.360274	06/24/20C	100.134000	25,400,000.00	25,432,275.44	25,434,036.00	1,760.56	599,509.56
3392	US TREASURY NOTE	1.625000	2.822162	07/31/20	99.809000	50,000,000.00	49,517,578.13	49,904,500.00	386,921.87	1,411,080.83
3453	US TREASURY NOTE	2.000000	2.903996	07/31/20	100.106000	50,000,000.00	49,635,120.46	50,053,000.00	417,879.54	1,451,997.88
3221	INT BK RECON & DEV	1.126000	2.513986	08/10/20	99.336000	30,345,000.00	29,995,665.22	30,143,509.20	147,843.98	762,868.96
3062	US TREASURY NOTE	1.500000	1.695421	08/15/20	99.703000	100,000,000.00	99,833,691.12	99,703,000.00	-130,691.12	1,695,421.10
3250	ASIAN DEV BANK	1.625000	2.683986	08/26/20	99.770000	28,670,000.00	28,405,891.58	28,604,059.00	198,167.42	769,498.77
3230	US TREASURY NOTE	2.125000	2.519986	08/31/20	100.246000	100,000,000.00	99,650,537.39	100,246,000.00	595,462.61	2,519,985.72
2997	INT BK RECON&DEV	1.626000	1.633170	09/04/20	99.831000	25,000,000.00	24,998,384.99	24,957,750.00	-40,634.99	408,292.45
2998	INT BK RECON&DEV	1.626000	1.633170	09/04/20	99.831000	25,000,000.00	24,998,384.99	24,957,750.00	-40,634.99	408,292.45
3377	TORONTO DOM BANK	3.150000	3.160918	09/17/20	101.122000	25,000,000.00	24,997,471.94	25,280,500.00	283,028.06	790,229.53
3538	TORONTO DOM BANK	3.150000	2.916084	09/17/20	101.122000	10,000,000.00	10,021,767.62	10,112,200.00	90,432.38	291,608.35
3024	FREDDIE MAC	1.625000	1.687127	09/29/20	99.773000	65,000,000.00	64,960,926.47	64,852,450.00	-108,476.47	1,096,632.63
3036	FED FARM CREDIT	1.680000	1.696478	10/13/20	99.897000	100,000,000.00	99,983,445.25	99,897,000.00	-86,445.25	1,696,478.36
3047	US BANK NA OHIO CA	2.050000	2.056925	09/23/20C	100.136000	10,000,000.00	9,999,291.31	10,013,600.00	14,308.69	205,692.48
2874	MICROSOFT CORP CAL	2.000000	1.789729	11/03/20	100.166000	16,945,000.00	16,982,503.13	16,973,128.70	-9,374.43	303,269.64
2876	MICROSOFT CORP CAL	2.000000	1.789729	11/03/20	100.166000	7,535,000.00	7,551,676.68	7,547,508.10	-4,168.58	134,856.11
3411	MICROSOFT CORP CAL	2.000000	2.992830	10/03/20C	100.166000	13,744,000.00	13,600,643.64	13,766,815.04	166,171.40	411,334.57
3074	FREDDIE MAC	1.875000	1.908000	11/17/20	100.103000	50,000,000.00	49,981,945.35	50,051,500.00	69,554.65	954,000.23
3472	BK OF NY MELLON CA	2.432750	2.432750	12/04/19C	100.027000	50,000,000.00	50,000,000.00	50,013,500.00	13,500.00	1,216,375.00
3229	US TREASURY NOTE	1.750000	2.561872	12/31/20	99.934000	100,000,000.00	99,025,127.42	99,934,000.00	908,872.58	2,561,871.91
3119	ASIAN DEV BANK	2.250000	2.287700	01/20/21	100.545000	50,000,000.00	49,976,736.99	50,272,500.00	295,763.01	1,143,850.22
2873	US TREASURY NOTE	1.375000	1.647276	01/31/21	99.477000	50,000,000.00	49,824,315.15	49,738,500.00	-85,815.15	823,637.88
2884	US TREASURY NOTE	1.375000	1.679014	01/31/21	99.477000	50,000,000.00	49,803,972.10	49,738,500.00	-65,472.10	839,506.85
3659	CAN IMPERIAL BK	2.700000	2.447980	02/02/21	100.951000	27,276,000.00	27,365,101.60	27,535,394.76	170,293.16	667,711.15
3204	US TREASURY NOTE	2.250000	2.389625	02/15/21	100.652000	75,000,000.00	74,861,057.49	75,489,000.00	627,942.51	1,792,218.94
3565	PNC BANK NA CALLAB	2.481630	2.481630	03/12/20C	100.065000	40,000,000.00	40,000,000.00	40,026,000.00	26,000.00	992,652.00
3205	US TREASURY NOTE	2.375000	2.395464	03/15/21	100.891000	75,000,000.00	74,978,353.45	75,668,250.00	689,896.55	1,796,597.82
3348	BANK NOVA SCOTIA	2.450000	3.287385	03/22/21	100.686000	37,048,000.00	36,612,839.24	37,302,149.28	689,310.04	1,217,910.49
3349	BANK NOVA SCOTIA	2.450000	3.290235	03/22/21	100.686000	6,180,000.00	6,107,166.86	6,222,394.80	115,227.94	203,336.50
3383	UNITED PARCEL	2.050000	3.168118	04/01/21	100.077000	30,000,000.00	29,519,788.31	30,023,100.00	503,311.69	950,435.44
3235	INTERAMER DEV BK	2.625000	2.701839	04/19/21	101.294000	100,000,000.00	99,886,386.90	101,294,000.00	1,407,613.10	2,701,839.46
3243	EURO BK RECON&DV	2.750000	2.776928	04/26/21	101.530000	100,000,000.00	99,959,743.60	101,530,000.00	1,570,256.40	2,776,928.30

KING COUNTY TREASURY OPERATIONS
SEATTLE, WASHINGTON

P O R T F O L I O D E T A I L F I N A N C I A L A N A L Y S I S
AS OF 9/30/19

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** FIXED INCOME **

INVSMT NUMBER	DESCRIPTION	INTEREST RATE	YIELD	MAT/CALL DATE	MARKET PRICE	CURRENT PAR	CURRENT BOOK	MARKET VALUE	UNREALIZED GAIN/LOSS	ANNUAL INCOME
3280	JP MORGAN CHASE CA	2.606630	2.586505	04/26/20C	100.053000	30,000,000.00	30,007,151.87	30,015,900.00	8,748.13	775,951.56
3287	JP MORGAN CHASE CA	2.606630	2.587543	04/26/20C	100.053000	20,500,000.00	20,504,634.77	20,510,865.00	6,230.23	530,446.24
3743	INT BK RECON&DEV	1.376000	1.860911	05/24/21	99.418000	25,000,000.00	24,804,064.23	24,854,500.00	50,435.77	465,227.64
3744	INT BK RECON&DEV	1.376000	1.862735	05/24/21	99.418000	25,000,000.00	24,803,331.30	24,854,500.00	51,168.70	465,683.81
3660	BK OF NY MELLON CA	2.412750	2.412750	06/04/20C	100.040000	25,000,000.00	25,000,000.00	25,010,000.00	10,000.00	603,187.50
3665	PNC BANK NA CALLAB	2.444130	2.444130	06/10/20C	100.101000	40,000,000.00	40,000,000.00	40,040,400.00	40,400.00	977,652.00
3705	TORONTO DOM BANK	2.568380	2.319840	06/11/21	100.361000	32,500,000.00	32,631,947.14	32,617,325.00	-14,622.14	753,948.12
3728	US TREASURY NOTE	2.625000	1.573883	07/15/21	101.625000	100,000,000.00	101,843,265.28	101,625,000.00	-218,265.28	1,573,883.11
3331	INT BK RECON & DEV	2.750000	2.833339	07/23/21	101.851000	50,000,000.00	49,929,308.06	50,925,500.00	996,191.94	1,416,669.42
2875	MICROSOFT CORP CAL	1.550000	1.949002	08/08/21	99.581000	24,182,000.00	24,011,183.60	24,080,677.42	69,493.82	471,307.73
3336	BANK OF MONTREAL	1.900000	3.330239	08/27/21	99.851000	20,000,000.00	19,486,211.93	19,970,200.00	483,988.07	666,047.83
3337	BANK OF MONTREAL	1.900000	3.333070	08/27/21	99.851000	14,850,000.00	14,467,776.06	14,827,873.50	360,097.44	494,960.92
3379	BANK OF MONTREAL	1.900000	3.277907	08/27/21	99.851000	20,000,000.00	19,502,949.72	19,970,200.00	467,250.28	655,581.48
3380	BANK OF MONTREAL	1.900000	3.277907	08/27/21	99.851000	23,835,000.00	23,242,640.33	23,799,485.85	556,845.52	781,289.23
3470	BANK OF MONTREAL	1.900000	3.431900	08/27/21	99.851000	25,000,000.00	24,308,519.47	24,962,750.00	654,230.53	857,974.93
3375	3M CO CALLABLE Any	3.000000	3.072054	08/14/21C	101.817000	15,000,000.00	14,979,967.58	15,272,550.00	292,582.42	460,808.05
3439	HONEYWELL INTL CAL	1.850000	3.199142	10/01/21C	99.959000	13,500,000.00	13,140,844.22	13,494,465.00	353,620.78	431,884.16
3515	US TREASURY NOTE	2.500000	2.543564	01/15/22	101.938000	50,000,000.00	49,952,226.04	50,969,000.00	1,016,773.96	1,271,782.20
3519	FED FARM CREDIT	2.600000	2.616043	01/18/22	102.059000	50,000,000.00	49,982,372.27	51,029,500.00	1,047,127.73	1,308,021.45
3203	INT BK RECON & DEV	2.000000	2.687037	01/26/22	100.789000	79,775,000.00	78,573,317.43	80,404,424.75	1,831,107.32	2,143,584.00
3517	INT BK RECON & DEV	2.000000	2.645835	01/26/22	100.789000	50,000,000.00	49,283,996.39	50,394,500.00	1,110,503.61	1,322,917.66
3475	HOME DEPOT INC	3.250000	3.341128	03/01/22	103.413000	8,000,000.00	7,983,629.62	8,273,040.00	289,410.38	267,290.21
3548	3M CO CALLABLE ANY	2.750000	2.766133	02/01/22C	102.452000	10,000,000.00	9,996,241.68	10,245,200.00	248,958.32	276,613.35
3711	HONEYWELL INTL CAL	2.150000	2.184966	07/08/22C	100.834000	15,000,000.00	14,985,596.44	15,125,100.00	139,503.56	327,744.84
3554	PROCTER & GAMBLE	2.150000	2.675874	08/11/22	101.111000	25,000,000.00	24,642,543.65	25,277,750.00	635,206.35	668,968.41
3555	PROCTER & GAMBLE	2.150000	2.665088	08/11/22	101.111000	20,000,000.00	19,719,840.48	20,222,200.00	502,359.52	533,017.52
3520	FED HOME LN BANK C	2.150000	2.823917	09/26/19C	99.758000	50,000,000.00	49,049,525.98	49,879,000.00	829,474.02	1,411,958.34
3521	FED HOME LN BANK C	2.150000	2.823917	09/26/19C	99.758000	30,000,000.00	29,429,715.57	29,927,400.00	497,684.43	847,175.00
3582	US TREASURY NOTE	1.500000	2.314809	03/31/23	99.770000	100,000,000.00	97,293,737.68	99,770,000.00	2,476,262.32	2,314,809.12
3702	US TREASURY NOTE	2.750000	1.839417	07/31/23	104.344000	50,000,000.00	51,673,865.56	52,172,000.00	498,134.44	919,708.56
3729	US TREASURY NOTE	2.750000	1.446710	08/31/23	104.457000	100,000,000.00	104,940,230.63	104,457,000.00	-483,230.63	1,446,710.28
3590	US TREASURY NOTE	2.250000	2.370962	01/31/24	102.836000	100,000,000.00	99,505,877.21	102,836,000.00	3,330,122.79	2,370,961.82
3608	US TREASURY NOTE	2.125000	2.320019	02/29/24	102.375000	84,000,000.00	83,319,041.50	85,995,000.00	2,675,958.50	1,948,816.36
3637	APPLE INC	3.450000	2.775067	05/06/24	106.463000	50,000,000.00	51,438,681.60	53,231,500.00	1,792,818.40	1,387,533.58
3701	US TREASURY NOTE	2.000000	1.853725	06/30/24	101.941000	50,000,000.00	50,329,997.66	50,970,500.00	640,502.34	926,862.57
695	FNR 2003-30 LB	5.000000	4.634180	03/25/32	105.170000	666,852.79	677,946.97	701,329.08	23,382.11	30,903.16
701	FNR 2003-33 PT	4.500000	4.255767	05/25/33	108.907000	1,102,167.50	1,115,335.17	1,200,337.56	85,002.39	46,905.68
702	FNR 2003-33 UP	4.500000	4.255767	05/25/33	106.364000	747,529.52	756,460.31	795,102.30	38,641.99	31,813.11
703	FNR 2003-33 PU	4.500000	4.255767	05/25/33	108.539000	875,931.30	886,396.11	950,727.07	64,330.96	37,277.59
G R A N D T O T A L S		1.839396	2.246546	SEP 2020	100.318812	6,932,684,023.84	6,918,527,533.50	6,954,335,337.61	35,807,804.11	155,898,642.15

KING COUNTY TREASURY OPERATIONS
SEATTLE, WASHINGTON

P O R T F O L I O D E T A I L F I N A N C I A L A N A L Y S I S

AS OF 9/30/19

PAGE: 1

SORTING ORDER: FUND MATD

RUN: 10/08/19 13:55:23

(MANFIN)

** FIXED INCOME **

INVSMT NUMBER	DESCRIPTION	INTEREST RATE	YIELD	MAT/CALL DATE	MARKET PRICE	CURRENT PAR	CURRENT BOOK	MARKET VALUE	UNREALIZED GAIN/LOSS	ANNUAL INCOME

3132	US TREASURY NOTE	2.000000	2.118302	01/31/20	100.027000	1,503,000.00	1,502,421.09	1,503,405.81	984.72	31,838.07
3133	US TREASURY NOTE	2.000000	2.255317	01/15/21	100.266000	1,509,000.00	1,504,208.37	1,513,013.94	8,805.57	34,032.74
3136	US TREASURY NOTE	1.875000	2.409700	01/31/22	100.555000	1,531,500.00	1,513,372.23	1,539,999.83	26,627.60	36,904.55
3137	US TREASURY NOTE	1.750000	2.504973	01/31/23	100.527000	1,555,500.00	1,518,901.41	1,563,697.49	44,796.08	38,964.86
3140	US TREASURY NOTE	2.250000	2.586560	01/31/24	102.836000	1,528,500.00	1,507,966.12	1,571,848.26	63,882.14	39,535.57
3141	US TREASURY NOTE	2.500000	2.631538	01/31/25	104.680000	1,512,800.00	1,503,160.94	1,583,599.04	80,438.10	39,809.90
3144	US TREASURY NOTE	2.250000	2.668897	11/15/25	103.707000	1,536,800.00	1,501,398.42	1,593,769.18	92,370.76	41,015.61
3145	US TREASURY NOTE	2.000000	2.693823	11/15/26	102.551000	1,578,800.00	1,509,712.83	1,619,075.19	109,362.36	42,530.08
3148	US TREASURY NOTE	2.250000	2.698834	11/15/27	104.606000	1,551,800.00	1,502,347.26	1,623,275.91	120,928.65	41,880.51
3531	US TREASURY NOTE	3.125000	2.721345	11/15/28	112.266000	1,454,000.00	1,500,690.73	1,632,347.64	131,656.91	39,568.36

000008921	- WTD REV 7000	2.199074	2.528857	JUN 2024	103.195441	15,261,700.00	15,064,179.40	15,744,032.29	679,852.89	386,080.25

3131	US TREASURY NOTE	2.000000	2.118302	01/31/20	100.027000	501,000.00	500,807.02	501,135.27	328.25	10,612.69
3500	US TREASURY NOTE	2.000000	2.544952	01/31/20	100.027000	498,700.00	497,808.77	498,834.65	1,025.88	12,691.67
3134	US TREASURY NOTE	2.000000	2.255317	01/15/21	100.266000	503,000.00	501,402.81	504,337.98	2,935.17	11,344.25
3394	US TREASURY NOTE	2.000000	2.854328	01/15/21	100.266000	507,000.00	501,621.64	508,348.62	6,726.98	14,471.44
3135	US TREASURY NOTE	1.875000	2.409700	01/31/22	100.555000	510,500.00	504,457.43	513,333.28	8,875.85	12,301.52
3313	US TREASURY NOTE	1.875000	2.684482	01/31/22	100.555000	510,000.00	500,871.76	512,830.50	11,958.74	13,690.86
3138	US TREASURY NOTE	1.750000	2.504973	01/31/23	100.527000	518,500.00	506,300.49	521,232.50	14,932.01	12,988.29
3208	US TREASURY NOTE	1.750000	2.543596	01/31/23	100.527000	517,000.00	504,199.02	519,724.59	15,525.57	13,150.39
3139	US TREASURY NOTE	2.250000	2.586560	01/31/24	102.836000	509,500.00	502,655.38	523,949.42	21,294.04	13,178.52
3209	US TREASURY NOTE	2.250000	2.621213	01/31/24	102.836000	508,000.00	500,460.40	522,406.88	21,946.48	13,315.76
3142	US TREASURY NOTE	2.500000	2.631538	01/31/25	104.680000	504,200.00	500,987.40	527,796.56	26,809.16	13,268.21
3312	US TREASURY NOTE	2.500000	2.794589	01/31/25	104.680000	503,000.00	495,822.74	526,540.40	30,717.66	14,056.78
3143	US TREASURY NOTE	2.250000	2.668897	11/15/25	103.707000	512,200.00	500,401.02	531,187.25	30,786.23	13,670.09
3395	US TREASURY NOTE	2.250000	3.036607	11/15/25	103.707000	522,000.00	499,535.06	541,350.54	41,815.48	15,851.09
3146	US TREASURY NOTE	2.000000	2.693823	11/15/26	102.551000	526,200.00	503,173.82	539,623.36	36,449.54	14,174.90
3147	US TREASURY NOTE	2.250000	2.698834	11/15/27	104.606000	517,200.00	500,717.83	541,022.23	40,304.40	13,958.37
3506	US TREASURY NOTE	3.125000	2.575824	11/15/28	112.266000	475,000.00	495,888.89	533,263.50	37,374.61	12,235.16
3530	US TREASURY NOTE	3.125000	2.721345	11/15/28	112.266000	483,000.00	498,510.06	542,244.78	43,734.72	13,144.10

370018010	- CWA REV 8000	2.206836	2.607742	MAR 2024	103.148771	9,126,000.00	9,015,621.54	9,409,162.31	393,540.77	238,104.09

3501	US TREASURY NOTE	2.000000	2.544951	01/31/20	100.027000	997,300.00	995,517.72	997,569.27	2,051.55	25,380.80
3502	US TREASURY NOTE	1.875000	2.379814	01/31/22	100.555000	1,007,000.00	995,616.29	1,012,588.85	16,972.56	23,964.72
3503	US TREASURY NOTE	2.250000	2.407753	01/31/24	102.836000	998,000.00	991,605.62	1,026,303.28	34,697.66	24,029.37
3504	US TREASURY NOTE	2.250000	2.468846	11/15/25	103.707000	1,011,000.00	998,595.88	1,048,477.77	49,881.89	24,960.04

KING COUNTY TREASURY OPERATIONS
SEATTLE, WASHINGTON

P O R T F O L I O D E T A I L F I N A N C I A L A N A L Y S I S

AS OF 9/30/19

PAGE: 2

SORTING ORDER: FUND MATD

RUN: 10/08/19 13:55:23

(MANFIN)

** FIXED INCOME **

INVSMT NUMBER	DESCRIPTION	INTEREST RATE	YIELD	MAT/CALL DATE	MARKET PRICE	CURRENT PAR	CURRENT BOOK	MARKET VALUE	UNREALIZED GAIN/LOSS	ANNUAL INCOME
3505	US TREASURY NOTE	2.250000	2.558485	11/15/27	104.606000	1,021,000.00	998,225.51	1,068,027.26	69,801.75	26,122.13
114066030	- NORTHSH 8001	2.125042	2.472064	JAN 2024	102.347850	5,034,300.00	4,979,561.02	5,152,966.43	173,405.41	124,457.06
G R A N D T O T A L S		2.188796	2.543599	APR 2024	103.035720	29,422,000.00	29,059,361.96	30,306,161.03	1,246,799.07	748,641.40
=====										

Victoria Recovery Status as of 9/30/2019

Original Cost		\$51,937,149
Original Par	\$53,300,000	
Less Accrued not distributed	\$420,537	
Adjusted Par		<u>\$52,879,463</u>
Recovered to date	\$48,219,721	91.2%

Current Par Amount Outstanding	\$4,659,742
Current Cost Outstanding	\$3,717,427

Cash Receipts:		
	2008	\$7,990,692.29
	2009	\$6,910,588.46
	2010	\$5,443,668.21
	2011	\$7,793,105.01
	2012	\$4,820,226.87
	2013	\$3,388,703.17
	2014	\$3,696,981.20
	2015	\$2,778,796.49
	2016	\$1,526,846.94
	2017	\$1,428,709.34
	2018	\$1,467,403.55
	2019	\$973,999.94
	Total	<u>\$48,219,721.47</u>

**Impaired Pool
Holdings Report
9/30/2019**

Commercial Paper Issuer	Status	Current Book Value	Estimated Fair Value	Fair Value Adjustment
Cheyne Finance (1)	Restructured - Cash Out	41,185.37	28,829.76	12,355.61
Victoria Finance (VFNC Trust) (2)	Restructured - Receiving Monthly Cash Payments	4,661,741.55	3,162,248.00	1,499,493.55
Total		4,702,926.92	3,191,077.76	1,511,849.16

Fair Value Ratio	0.6785
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(1) After consulting with the County's financial advisor, the County choose to select the "cash out" option for the Cheyne and restructuring. However, the Receiver for this program held back a portion of the cash for various indemnifications. The fair values shown on this report represent the County's potential cash recovery from the amounts being retained by the Receiver.

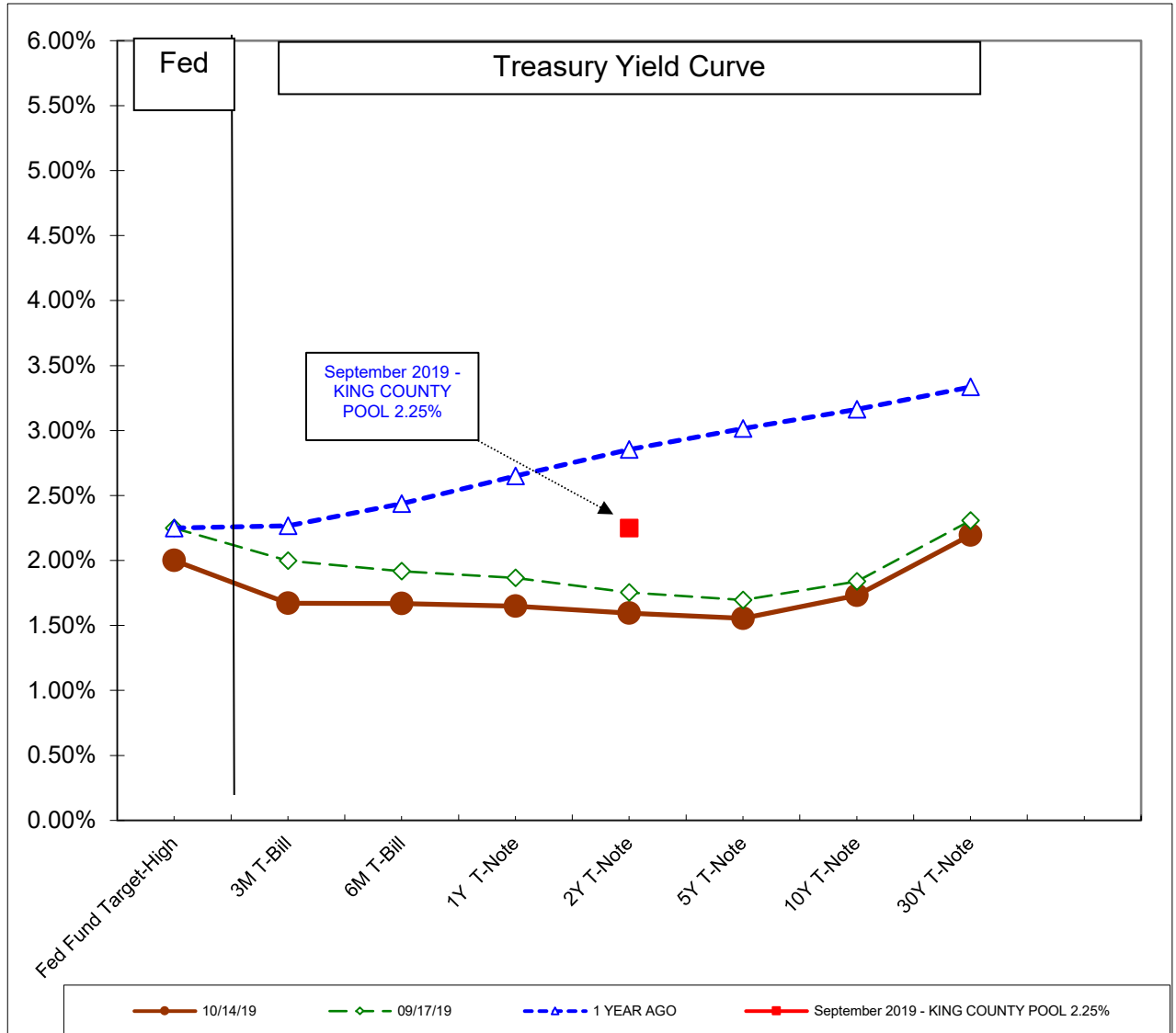
(2) During September 2009, the County completed the restructuring process for Victoria. Based on consultations with legal and financial experts, the County elected to participate in an "Exchange Offer" in which the County's pro rata share of assets in Victoria were transferred to a new company titled VFNC Trust. At the time of Victoria's restructuring the County's financial advisor estimated that by participating in the exchange offer that the overall recovery rate could be between 50 to 76 percent, and potentially higher. The VFNC Trust investment replaced Victoria in the "impaired pool" and it continues to make monthly cash distributions. It is expected that future monthly distributions will continue for at least 5 or 6 more years, or as long as the underlying securities continue to make cash payments. We do not foresee distributing any realized losses related to Victoria until it is apparent that no further cash flows will be forthcoming. Adding the cash recoveries through September and assuming that the asset could be sold at the assumed prices for the underlying securities, the current estimated total recovery would be approximately 97% of the original investment's adjusted par amount.

Combined Earnings History for Impaired and Non-Impaired Pools

	(A)	(B)	(A) + (B)
	<i>Distributed Realized Gains/Losses Resulting from Impaired Investments Purchased in 2007 ⁽¹⁾</i>	<i>Total Pool Earnings Distribution</i>	<i>Net Pool Earnings Distributed</i>
YTD 2019	\$0	\$121,101,931	\$121,101,931
2018	(\$196,023)	\$124,073,108	\$123,877,085
2017	\$0	\$75,072,195	\$75,072,195
2016	\$189,049	\$50,641,904	\$50,830,953
2015	(\$427,263)	\$33,344,087	\$32,916,824
2014	\$0	\$26,330,761	\$26,330,761
2013	\$0	\$24,331,721	\$24,331,721
2012	(\$1,204,894)	\$25,978,721	\$24,773,827
2011	\$0	\$29,270,651	\$29,270,651
2010	\$0	\$42,160,462	\$42,160,462
2009	\$0	\$71,036,470	\$71,036,470
2008	(\$73,296,907)	\$135,838,883	\$62,541,976
2007	\$0	\$199,099,971	\$199,099,971
2006	\$0	\$165,576,358	\$165,576,358

(1) Figures have not been adjusted for recoveries from legal settlements.

INTEREST RATE SUMMARY



	10/14/19	09/17/19	1 YEAR AGO
Fed Fund Target-High	2.00%	2.25%	2.25%
3M T-Bill	1.67%	2.00%	2.27%
6M T-Bill	1.67%	1.92%	2.44%
1Y T-Note	1.65%	1.87%	2.65%
2Y T-Note	1.60%	1.75%	2.86%
5Y T-Note	1.56%	1.70%	3.02%
10Y T-Note	1.73%	1.84%	3.16%
30Y T-Note	2.20%	2.31%	3.34%

King County Executive Finance Committee

Interfund Borrowing Report for EFC, (SEP-2019 period)

Below is a summary of the causes of the current deficit cash balances.

Funds listed in Black have a description of the cause of the deficit; funds listed in Blue have an EFC-approved loan in place.

Items in Green have not yet been analyzed or needs to be revisited; items in Red appear unusual in nature and should be discussed during today's meeting.

Interest on Interfund Loans - County Tier 2 Funds Paying Interest						
Item #	Fund No.	Months Reported	Average Cash	Fund Name	Description	
E	A1	00-000-001-0	2	(9,969,856.42)	CURRENT EXPENSE SUB-FUND	Timing between collection of property tax levy
APPRV'D	A2	00-000-395-1	9	(22,966,428.83)	BLDG REPAIR/REPL SUBFUND	Approved interfund loan in place
Pooled Tier 1 Funds with Negative Cash Balances						
Item #	Fund No.	Lowest Cash	Average Cash	Fund Name	Description	
D	B1	00-000-106-0	1	(165.00)	(104.50) VETERANS RELIEF	Charge to closed fund. Correction pending
APPRV'D	B2	00-000-118-0	2	(3,003,518.33)	(3,003,518.33) LODGING TAX	Approved interfund loan in place
APPRV'D	B3	00-000-121-0	>12	(1,367,858.02)	(834,850.59) SHARED SERVICES FUND	Approved interfund loan in place
APPRV'D	B4	00-000-139-6	>12	(6,264,130.01)	(6,264,128.03) RISK ABATEMENT/2006 FUND	Approved interfund loan in place
APPRV'D	B5	00-000-147-1	5	(95,493.37)	(84,891.94) HISTORCL PRSRVTN & H PRGM	Large disbursement timing issue
APPRV'D	B6	00-000-156-1	>12	(1,029,233.03)	(586,219.53) KC FLD CNTRL OPR CONTRACT	Approved interfund loan in place
APPRV'D	B7	00-000-331-0	>12	(2,204,536.58)	(1,871,393.71) LONG-TERM LEASES	Approved interfund loan in place
APPRV'D	B8	00-000-352-2	>12	(179,687.28)	(128,057.16) OS KC NON BND FND SUBFUND	Approved interfund loan in place
APPRV'D	B9	00-000-357-1	>12	(8,631,797.59)	(5,071,520.75) KC FLD CNTRL CAP CONTRACT	Approved interfund loan in place
APPRV'D	B10	00-000-359-1	2	(1,049,770.67)	119,482.39 KC MARINE CONST	Approved interfund loan in place
C	B11	00-000-361-2	1	(3,837.70)	1,484.09 WTD INTERNALLY FINANCED PROJE	Pending revenue transfer
D	B12	00-000-624-4	2	(5,647.58)	10,143.31 ISSAQUAH SD411 IMPACT FEE	Duplicate transaction
Excluded County Funds with Negative Cash Balances - Tier 2 Funds Not Paying Interest						
Item #	Fund No.	Lowest Cash	Average Cash	Fund Name	Description	
D	C1	00-000-325-0	3	(7,214.76)	20,454.09 DES TECHNOLOGY FUND	Transfer to be completed
B	C2	00-000-668-0	2	(411,271.07)	(95,451.91) AD VALOREM TAX REFUND	Timing differences
B	C3	00-000-699-0	1	(10,363.88)	(3,029.72) ASSMT DISTRIBTN / REFUND	Pending special distribution

A: Reimbursement funds - reimbursements are collected periodically from other Agencies

B: Reimbursement funds - pay expenditures first, get reimbursed later, internal to the county

C: Subfund cash transfers - different subfunds within one Agency

D: Known accounting or cash transfer error

E: Anticipated seasonality of receipts

F: Timing issue of receipts and disbursements

Interfund Borrowing by District & Non-County Funds
September 2019

Fund Number	Fund Name	Average Borrowed	Average Cash Balance	Comment
064103080	SNOQUALMIE SD410 CAP PROJ	(\$19,082.14)	(\$19,082.14)	<= Correction in process
070350010	BEAUX ARTS GEN TAX REG FD	(\$336.71)	\$456.52	<= Researching, still negative \$348.18
070420010	BLACK DIAMOND GEN TX RG C	(\$239.89)	\$21,482.38	<= Now positive
070450020	BOTHELL LIFT REV	(\$7.58)	\$365.38	<= Now positive
071110010	DUVALL GEN TAX REGULAR T	(\$1,216.10)	\$18,682.15	<= Now positive
071640020	FEDERAL WAY LIFT REV	(\$0.45)	\$51.82	<= Now positive
072608510	ISSAQUAH G O BOND FUND	(\$50.03)	\$2,549.81	<= Now positive
073098510	KIRKLAND G O BOND FUND	(\$52.97)	\$791.84	<= Now positive
075304010	SAMMAMISH DRAINAGE UTIL	(\$2,960.14)	\$9,840.71	<= Now positive
075451190	SEATTLE EMS TAX FUND	(\$12,766.54)	\$67,045.41	<= Now positive
075458510	SEATTLE GO BOND FUND	(\$5,616.48)	\$27,160.78	<= Now positive
075510010	SKYKOMISH GEN TAX REG T	(\$56.57)	\$85.67	<= Now positive
075548510	CT OF SNOQUALMIE GO BD	(\$19.24)	\$858.60	<= Now positive
075918510	TUKWILA GO BOND FUND	(\$119.13)	(\$35.74)	<= Now Negative \$16.05
090823510	SAMM PLAT - CONSTRUCTION	(\$0.01)	(\$0.01)	<= Now positive
113330530	LAKEHAVEN W&SD -PAYROLL	(\$3,505.46)	(\$116.85)	<= Now positive
130010010	SNOQ VALLEY WATERSHED	(\$2,798.04)	\$31,983.90	<= Now positive
Report Total:		(\$48,827.48)	\$162,120.23	

DEFINITIONS

Average Borrowed

Total borrowed by a fund divided by the number of days in a particular month that the fund had a negative ending balance.

Average Cash Balance

Sum of all ending cash balances (positive & negative) for an entire month divided by the number of days in that month.

Approved Interfund Borrowings (Automated System)
08/31/19

Borrowing Entity	Borrowing Fund Number	Fund Name	Reason For Loan & Repayment Method	Loan Amount Authorized	Fund Balance at Month-end	Average Amount Borrowed	Interest Paid in Current Month	Term of Loan	Loan Rate	Lending Entity	Date of EFC Approval
King County	00-000-1180	Lodging Tax Fund	Advancement of projected lodging tax proceeds to 4Culture for development of Building 4 Equity program. Repayment from future lodging tax receipts.	<u>Original Loan</u> \$10,000,000	(\$3,003,518)	\$3,003,518	\$5,549	12/31/2021	Pool Rate	King County Surplus Cash	7/18/2019
King County	00-000-1210	WLRD Shared Services Fund	This fund is 100% reimbursable and relies on revenues from other funds.	<u>Original Loan</u> \$6,500,000	(\$304,036)	\$834,851	\$1,542	12/31/2020	Pool Rate	King County Surplus Cash	3/21/2019
King County	00-000-1396	Risk Abatement Fund	Dolan Interest settlement. Originally repayment was to be provided by issuing bonds, but after outside legal review, it was determined that taxable bonds would have to be used. It was then decided that repayment will come from semi-annual transfers from the General Fund, instead of issuing bonds.	<u>Original Loan</u> \$10,500,000 <u>Revised Amt:</u> \$10,600,000 <u>Revised Amt:</u> \$11,000,000	(\$6,264,071)	\$6,264,128	\$11,574	6/30/2017 8/31/2017 07/31/2022	Pool Rate	King County Surplus Cash	12/7/2016 06/28/2017 08/23/2017
King County	00-000-1471	Historical Preservation and Historical Programs Fund	Insufficient recorded document fee revenues. Requesting 2nd quarter omnibus budget revision to pay back the loan.	<u>Original Loan</u> \$200,000	(\$81,611)	\$84,892	\$157	12/31/2019	Pool Rate	King County Surplus Cash	6/20/2019
King County	00-000-1561	KC Flood Control Operating Contract Fund	This fund is 100% reimbursable from the KC Flood Control District.	<u>Original Loan</u> \$2,500,000	(\$360,707)	\$586,220	\$1,083	12/31/2020	Pool Rate	King County Surplus Cash	3/21/2019
King County	00-000-3292	SWM CIP Non-bond Fund	The fund relies heavily upon grant funding, thereby resulting in cash deficit due to timing of grant reimbursements	<u>Original Loan</u> \$2,000,000	\$6,288,792	\$0	\$0	12/31/2020	Pool Rate	King County Surplus Cash	3/21/2019
King County	00-000-3310	Long Term Lease Fund	Support Phase 4 of King Street Center work space consolidation. Repayment from lease payments.	<u>Original Loan</u> \$2,000,000 <u>Revised Amt:</u> \$4,000,000	(\$857,156)	\$1,871,394	\$3,458	12/31/2023	Pool Rate	King County Surplus Cash	12/7/2016 02/22/2017
King County	00-000-3361	Puget Sound Emergency Radio (PSERN) Capital Fund	Support capital expenditures for the PSERN project until cash from the Levy fund becomes available.	<u>Original Loan</u> \$73,000,000	\$31,206,820	\$0	\$0	10/31/2021	Pool Rate	King County Surplus Cash	10/24/2018
King County	00-000-3421	Major Maintenance Reserve Sub-fund	Water pipe repair and replacement project at KCCF.	<u>Original Loan</u> \$23,500,000	\$24,114,020	\$0	\$0	6/30/2025	Pool Rate	King County Surplus Cash	7/18/2019
King County	00-000-3522	Open Space Non-Bond Fund	The fund relies heavily upon grant funding, thereby resulting in cash deficit due to timing of grant reimbursements	<u>Original Loan</u> \$5,000,000	(\$179,687)	\$128,057	\$237	12/31/2020	Pool Rate	King County Surplus Cash	3/21/2019
King County	00-000-3571	KC Flood Control Capital Contract Fund	This fund is 100% reimbursable from the KC Flood Control District.	<u>Original Loan</u> \$20,000,000	(\$1,487,672)	\$5,071,521	\$9,370	12/31/2020	Pool Rate	King County Surplus Cash	3/21/2019
King County	00-000-3591	KC Marine Construction Fund	Loan repayment from property tax revenue, bond proceeds, and federal grants.	<u>Original Loan</u> \$7,000,000	(\$1,049,771)	\$0	\$0	3/31/2020	Pool Rate	King County Surplus Cash	4/18/2019
King County	00-000-3611	Water Quality Construction Fund	Loan repayment from bond proceeds.	<u>Original Loan</u> \$35,000,000	\$65,724,693	\$0	\$0	10/31/2019	Pool Rate	King County Surplus Cash	9/19/2019
King County	00-000-3771	KCIT Capital Fund	Cover expenditures for the Department of Assessments PTAS project until bonds are issued.	<u>Original Loan</u> \$3,000,000	\$2,865,111	\$0	\$0	9/30/2019	Pool Rate	King County Surplus Cash	2/21/2019
King County	00-000-3781	KCIT Capital Fund	Fill gap for Mainframe and Unified Communication project not fully covered by bond proceeds.	<u>Original Loan</u> \$5,200,000	\$4,413,840	\$0	\$0	12/31/2019	Pool Rate	King County Surplus Cash	6/25/2014
King County	00-000-3951	Building Repair & Replacement Fund	Support Phase 2 of King Street Center work space consolidation. Repayment from lease payments.	<u>Original Loan</u> \$2,275,600 <u>Revised Amt</u> \$4,976,000	See Below	See Below	See Below	12/31/2020	Pool Rate	King County Surplus Cash	05/27/2015 01/27/2016
King County	00-000-3951	Building Repair & Replacement Fund	Cover expenditures for the CFJC project. Repayment from a property sale and from tax revenue	<u>Original Loan</u> \$60,000,000	(\$24,370,495)	\$9,969,856	(\$42,472)	12/31/2021	Pool Rate	King County Surplus Cash	9/26/2018
King County	00-000-5531	KCIT Services Fund	Establish an escrow account for data center bond defeasance. Repayment from existing KCIT rates.	<u>Original Loan</u> \$8,100,000	\$11,419,229	\$0	\$0	12/31/2023	Pool Rate	King County Surplus Cash	2/24/2016

Approved Interfund Borrowings (Direct Loans)
08/31/19

Borrowing Entity	Borrowing Fund Number	Fund Name	Reason For Loan & Repayment Method	Loan Amount Authorized	Loan Outstanding at Month-end	Fund Balance At Month-end	Interest Paid	Term of Loan	Loan Rate	Lending Entity	Date of EFC Approval
NONE											