

AGENDA - Revised
EXECUTIVE FINANCE COMMITTEE (EFC)
December 1, 2022 at 11:00 A.M.

Location: [Teams Meeting: 425-653-6586, Conference ID 314 484 093#](#)

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

Staff: Carol Basile, Chief Treasury Officer; Mike Smith, Chief Investment Officer; Christine Denis, Portfolio Manager; Eben Sutton, Chief Accountant

AGENDA ITEMS

1. **Action:** Interfund Loan of Surplus King County Cash (Chapter 4.24 of KC Code) – Approval of the request from the King County DCHS Administration Fund 1080 to extend the term on an existing \$19 million interfund loan to December 31, 2023: This loan will be repaid from FEMA reimbursement through a Public Health contract with DOH, ARPA reimbursement of Federal funds, and GF on a reimbursement basis. – *Page 2*
Nicholas Makhani, DCHS, Finance Controller
2. **Action:** Interfund Loan of Surplus King County Cash (Chapter 4.24 of KC Code): Approve the request from the King County Facilities Management Division Long-term Lease Fund 3310 to increase the amount on an existing \$30 million loan due December 31, 2023 to \$34 million. This loan will be repaid from federal grants: FEMA, CLFR, and CARES ACT. – *Page 4*
Tony Wright, Director of FMD
3. **Action:** Approval of the “Official Intent” reimbursement motion concerning the issuance of bonds in an aggregate principal amount of \$25,000,000 to undertake the projects collectively known as the “County Facilities Capital Improvement Projects at the Harborview Medical Center” – *Page 6*
Dwight Dively, Director PSB

OTHER BUSINESS

ADJOURNMENT



King County

COUNTY FUND APPLICATION FOR INTERFUND LOAN

COUNTY FUND MANAGER CONTACT INFORMATION

Fund name and number: 1080 DCHS Administration

Fund Manager: Nicholas Makhani

Fund Manager Title: Finance Controller

Contact name (if different): Kevin Lo

Contact title: Budget & Reporting Manager

Phone: 206-263-8731

Fax:

BORROWING REQUEST DETAILS

Fund name: **DCHS Administration**

Fund number: **1080**

Term of loan requested (projected start and end date): **revised expiration to December 2023**

Is this a new loan request or a request to modify an existing loan? **Modify the existing loan**

Has this loan request been reviewed by Office of Performance, Strategy and Budget? Yes ☒ No ☐ If "Yes", list the name of the reviewer: Emmy McConnell

If this a "Funds Transfer Loan" as defined in Section 5.9 of the County's Interfund Loan Policy complete Part A. otherwise complete Part B

PART A

Provide both the fund name(s) and fund number(s) of the lending fund(s).

Who has determined whether the lending fund(s) designated above is legally able to finance this loan?

PART B

For "Automated Interest Loans" as defined in Section 5.3 list the maximum negative cash balance forecasted during term of loan: **\$19,000,000.**

ADDITIONAL INFORMATION

Why is this borrowing necessary?

The DCHS Administration Fund does not carry a reserve or a significant fund balance.

Additionally, the fund continues to incur major Federal and State-supported, COVID-specific expenditures that provide reimbursement months after expenses have been incurred. These programs include mass vaccination sites, isolation and quarantine facilities, childcare, and behavioral health programs funded by the American Rescue Plan Act of 2021.

The current interfund loan is for May 2021-December 2022 at \$19M. Due to the extension of COVID program delivery through December 2024 and the corresponding ongoing reimbursement processes for all eligible costs, an extension of the loan through December 2023 is requested. This revised time allows for sufficient time to secure all reimbursements.

What will be the source of the funds to repay the interfund loan? **FEMA reimbursement through a Public Health contract with DOH; ARPA reimbursement of Federal funds; GF on reimbursement basis.**

If the interfund loan involves a project that is or will be related to a bond issue, has this interfund loan proposal been reviewed by the Treasury Operations Compliance Officer? Yes ☐ No ☐

FUND MANAGER AUTHORIZED SIGNATURE (REQUESTING INTERFUND LOAN)

Signature: Signed *Nicholas Makhani* 11/28/2022

Print Name: Nicholas Makhani

Title: Finance Controller

Date: 11/28/2022

Please include with this application a cash flow forecast showing the fund's cash needs over the expected borrowing period.

Fund 1080 Cash Flow Forecast
11/28/2022

	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Category	Total 2021	BTD Sep 2022	Oct-22	Nov-22	Dec-22	Total 2022	Total 2021-22 Biennium	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023
Beginning Cash Position	913,467	913,467	(16,212,905)	(9,664,165)	(6,420,586)	(10,717,943)	913,467	(3,538,842)	(3,271,071)	(2,162,587)	(1,054,104)	(3,538,842)
Revenues												
Federal (ARPA)	1,603,370	4,980,878	3,227,524	1,871,136	1,871,136	10,347,304	11,950,674	-	840,713	840,713	840,713	2,522,138
State	1,102,137	10,514,973	138,503	-	-	9,551,339	10,653,476	1,108,484	1,108,484	1,108,484	1,108,484	4,433,935
Local	-	-				-	-					-
Intragovernmental	188,019	188,019				-	188,019					-
Interfund Transfers	7,036,139	12,313,244	-	1,759,034	400,000	7,436,139	14,472,278	2,820,870	2,820,870	2,820,870	2,820,870	11,283,480
General Fund	501,136	501,136	5,958,656	2,967,210	2,787,134	11,713,000	12,214,136	-	-	-	-	-
Other	(6,676)	(30,255)				(23,579)	(30,255)					-
	-	-				-	-					-
Total Revenues	10,424,124	28,467,994	9,324,683	6,597,380	5,058,270	39,024,203	49,448,327	3,929,354	4,770,066	4,770,066	4,770,066	18,239,553
Expenditures		-										
DO Staff	6,834,854	12,846,311	541,989	541,989	541,989	7,637,424	14,472,278	2,820,870	2,820,870	2,820,870	2,820,870	11,283,480
Health Ambassador	424,283	435,267	-	-	-	10,984	435,267	-	-	-	-	-
Mass Vaxx	10,514,194	10,579,429	74,047	-	-	139,282	10,653,476	-	-	-	-	-
Isolation&Quarantine	2,401,337	4,433,935	-	-	-	2,032,598	4,433,935	-	-	-	-	-
Other COVID Programs	3,499,984	17,001,670	2,159,907	2,811,812	1,634,538	20,107,942	23,607,926	840,713	840,713	840,713	840,713	3,362,850
Other - accruals/liability adj	(1,934,260)	(17,388)				1,916,872	(17,388)					-
Total Expenditures	21,740,391	45,279,223	2,775,943	3,353,801	2,176,527	31,845,103	53,585,494	3,661,583	3,661,583	3,661,583	3,661,583	14,646,330
		-										
Other Fund Transactions		-										
Transfer All Home Fund Balance to RHA	315,143	315,143	-	-	-	-	315,143	-	-	-	-	
Total Other Fund Transactions	315,143	315,143				-	315,143					
Ending Cash Position	(10,717,943)	(16,212,905)	(9,664,165)	(6,420,586)	(3,538,842)	(3,538,842)	(3,538,842)	(3,271,071)	(2,162,587)	(1,054,104)	54,380	54,380



King County

Facilities Management Division

Anthony Wright, Division Director

Department of Executive Services

500 Fourth Avenue, Room 800

Seattle, WA 98104

Phone: (206) 477-9352

Fax: (206) 205-5070

November 28, 2022

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

FM: Anthony Wright, Division Director, Facilities Management Division

RE: Request for Executive Finance Committee Approval of Inter-fund Borrowing Increase



The purpose of this memorandum is to request the Executive Finance Committee's approval to increase an existing interfund loan from \$30,000,000 to \$34,000,000 for the Long -Term Lease Fund 3310 due to the COVID-19 Response Project expenditures and the delays in reimbursements from CARES ACT and FEMA grants. The increased loan will allow the fund to hold over until reimbursements and revenues are received. The DES Office of Emergency Management has estimated that the FEMA reimbursements could be delayed until late 2023. Below is the updated summary of projected cash balance through 12/31/2023.

Facilities Management Division Interfund Borrowing Increase Request	
Long Term Lease Fund 3310	
Cash Balance as of 10/31/22	\$ (29,578,082)
Projected Addl Expenditure through 12/31/2023 - Covid	\$ (2,443,538)
Estimated Cash Balance at 12/31/2023	\$ (32,021,620)

I appreciate your consideration of this request. Please feel free to contact Cristina Gonzalez, FMD Chief of Staff at 206-291-5401 if you have any questions or need additional information.

cc: Cristina Gonzalez, Chief of Staff, FMD
 Dwight Dively, Director, PSB
 Andrew Cronholm, Executive Analyst, PSB
 Sid Bender, Executive Analyst, PSB
 Hanh Mai, Finance & Administrative Services Manager, FMD

APPENDIX III – COUNTY FUND APPLICATION FORM

 King County COUNTY FUND APPLICATION FOR INTERFUND LOAN		
COUNTY FUND MANAGER CONTACT INFORMATION		
Fund name and number: Long Term Lease Fund /000003310		
Fund Manager: Hanh Mai		Fund Manager Title: Finance & Administrative Services Manager
Contact name (if different): Carolyn Mock		Contact title: Business & Finance Officer II
Phone: 206- 477-9381	Fax:	
BORROWING REQUEST DETAILS		
Fund name: FMD Long-Term Lease		Fund number: 000003310
Term of loan requested (projected start and end date): October 28, 2021 – December 31, 2023		
Is this a new loan request or a request to modify an existing loan? This is a request to increase an existing loan.		
Has this loan request been reviewed by Office of Performance, Strategy and Budget? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If "Yes", list the name of the reviewer: Sid Bender		
If this a "Funds Transfer Loan" as defined in Section 5.9 of the County's Interfund Loan Policy complete Part A. otherwise complete Part B		
PART A		
Provide both the fund name(s) and fund number(s) of the lending fund(s).		
Who has determined whether the lending fund(s) designated above is legally able to finance this loan?		
PART B		
For "Automated Interest Loans" as defined in Section 5.3 list the maximum negative cash balance forecasted during term of loan : \$34,000,000		
ADDITIONAL INFORMATION		
<u>Why is this borrowing necessary?</u> To address the projected negative cash balance due to timing of reimbursement received from federal grants: FEMA, CLFR, CRF		
<u>What will be the source of the funds to repay the interfund loan?</u> Federal grants FEMA, CLFR, and CARES ACT		
If the interfund loan involves a project that is or will be related to a bond issue, has this interfund loan proposal been reviewed by the Treasury Operations Compliance Officer? Yes <input type="checkbox"/> No <input type="checkbox"/> Not bond issue. Nigel Lewis		
FUND MANAGER AUTHORIZED SIGNATURE (REQUESTING INTERFUND LOAN)		
DocuSigned by:  F758C309991049B... Signature:		
Print Name: Cristina Gonzalez		
Title: Chief of Staff, FMD		
Date: November 28, 2022		
Please include with this application a cash flow forecast showing the fund's cash needs over the expected borrowing period. See attached.		
Interfund loan approved? Yes <input type="checkbox"/> No <input type="checkbox"/>	Date Approved/Denied:	Loan interest rate:
Maximum interfund loan amount approved \$		Repayment date:
Other special loan terms or comments:		

EXECUTIVE FINANCE COMMITTEE
“OFFICIAL INTENT” REIMBURSEMENT MOTION

King County, Washington (the “County”) has plans to undertake certain County Facilities Capital Improvement Projects at the Harborview Medical Center (the “Projects”).

The County reasonably expects to incur indebtedness and to issue bonds in a maximum aggregate principal amount of approximately \$25,000,000 (the “Obligations”) to obtain financing for all or a portion of the costs of the Projects and, prior to the issuance of the Obligations, to fund all or a portion of the costs of the Projects through either available cash balances or one or more inter-fund loans.

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 capital expenditures in furtherance of the Projects made by the County from either available cash balances or inter-fund loans obtained 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.