



Memorandum

Date: 3/10/2026

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 26-125

Type: Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Finance	Kelley Cochran	425-556-2748
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DEPARTMENT STAFF:

Finance	Adam O’Sullivan	Treasury Manager
Finance	Blake Ruiz	Senior Financial Analyst - Capital

TITLE:

Capital Project Bond Reimbursement Resolution

OVERVIEW STATEMENT:

Adopt a resolution authorizing the City to reimburse certain capital investment expenditures from the proceeds of a future sale of bonds. The adoption of the resolution permits the City to comply with IRS regulations but does not obligate the City with regard to the sale or structure of the bonds.

Additional Background Information/Description of Proposal Attached

REQUESTED ACTION:

Receive Information Provide Direction Approve

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
N/A
- **Required:**
Treasury Regulation Section 1.150-2
- **Council Request:**
N/A
- **Other Key Facts:**
N/A

OUTCOMES:

As directed by the Council during the Capital Investment Program Funding Strategy presentation on February 24, 2026, a

reimbursement resolution is being submitted for consideration on the March 17, 2026, consent agenda.

A reimbursement resolution allows the City to use its own money to pay for project costs upfront and later reimburse itself with tax-exempt bond proceeds, in compliance with Internal Revenue Service (IRS) requirements. Reimbursement resolutions are necessary because capital projects frequently begin before bonds are issued. Specifically, a reimbursement resolution:

- Preserves the ability to use tax-exempt bond proceeds later
- Provides official documentation of intent
- Helps comply with U.S. Treasury regulations (specifically Treasury Regulation §1.150-2)

If the resolution is not adopted in a timely manner, the City may lose the ability to reimburse itself from future tax-exempt bond proceeds.

The City anticipates expenditures associated with the early phases of these projects, including property and/or right-of-way acquisitions and design work, will occur prior to the issuance of the related bonds. In some cases, these early expenditures have already begun to be incurred.

When expenditures are incurred prior to the issuance of related debt, IRS regulations require the City to formally declare its intent to reimburse those expenditures with future bond proceeds. The proposed resolution satisfies this requirement; however, it does not obligate the City to issue bonds. Additionally, the resolution does not determine or limit the principal amount of bonds that may ultimately be issued. Instead, it establishes a maximum estimated reimbursement amount to preserve flexibility and ensure adequate capacity under a range of potential financing scenarios.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

N/A

Approved in current biennial budget:

Yes

No

N/A

Budget Offer Number:

N/A

Budget Priority:

Strategic and Responsive

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Other budget impacts or additional costs: Yes No N/A

If yes, explain:

N/A

Funding source(s):

N/A

Budget/Funding Constraints:

N/A

Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
2/24/2026	Study Session	Provide Direction

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
3/17/2026	Business Meeting	Approve

Time Constraints:

Adoption of this resolution now will ensure that expenses can be reimbursed from a future bond issuance. A delay in adopting the resolution will mean that the recent expenses will not be able to be reimbursed from the bond issue.

ANTICIPATED RESULT IF NOT APPROVED:

Expenses paid will not be reimbursable.

ATTACHMENTS:

Attachment A: Reimbursement Resolution