



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

December 10, 2007

Ordinance 15981

Proposed No. 2007-0601.1

Sponsors Phillips

1 AN ORDINANCE authorizing the King County executive
2 to enter into an agreement with the Washington state
3 Department of Ecology for loan financing for construction
4 costs of the Carnation wastewater treatment facility.
5

6 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

7 SECTION 1. Findings:

8 A. The Washington state Department of Ecology has awarded to the King County
9 department of natural resources and parks a \$14,085,238 State Revolving Fund loan in
10 its FY 2008 cycle.

11 B. This low interest loan will save King County \$14,125,717 in interest payments
12 over forty years, which is a \$2,694,251 net present value, as compared to conventional
13 bond financing.

14 C. This State Revolving Fund loan will help finance construction costs of the
15 Carnation wastewater treatment facility that is part of King County's wastewater capital
16 improvement program.

17 SECTION 2. A. The executive or the executive's designee is hereby authorized
18 to enter into an agreement with the Washington state Department of Ecology for loan
19 financing of capital costs associated with the construction of the Carnation wastewater
20 treatment facility.

21 B. The maximum loan amount shall be \$14,085,238.

22 C. The loan agreement shall incorporate an annual interest rate of 3.1 percent and

23 a loan term of twenty years and be substantially in the form of Attachment A to this
24 ordinance, which is a sample agreement.

25

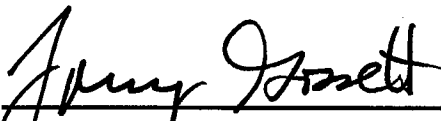
Ordinance 15981 was introduced on 11/13/2007 and passed by the Metropolitan King County Council on 12/10/2007, by the following vote:

Yes: 8 - Mr. Gossett, Ms. Patterson, Ms. Lambert, Mr. von Reichbauer, Mr. Dunn, Mr. Ferguson, Mr. Phillips and Mr. Constantine


No: 0

Excused: 1 - Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Gossett, Chair

ATTEST:


Anne Noris, Clerk of the Council

APPROVED this 20 day of December, 2007.

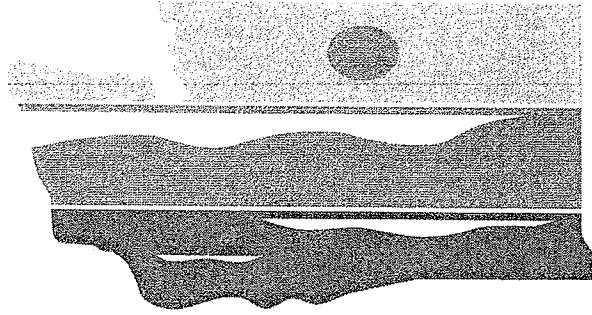

Ron Sims, County Executive

Attachments

A. Washington State Water Pollution Control Revolving Fund Loan Agreement Between the State of Washington Department of Ecology and King County Department of Natural Resources and Parks Wastewater Treatment Division

RECEIVED
2007 DEC 20 PM 3:09
CLERK
KING COUNTY COUNCIL

15981



WASHINGTON STATE
DEPARTMENT OF
E C O L O G Y

WASHINGTON STATE WATER POLLUTION CONTROL REVOLVING FUND

LOAN AGREEMENT

BETWEEN

THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY

AND

KING COUNTY DEPARTMENT OF NATURAL RESOURCES AND PARKS

WASTEWATER TREATMENT DIVISION

Project Title: King County Wastewater Treatment Plant - Carnation

Loan No.: _____

Loan Amount: \$14,085,238

Interest Rate: 3.1 %

Loan Term: 20 Years

Interim Refinance

Effective: _____, _____

**WASHINGTON STATE WATER POLLUTION CONTROL REVOLVING FUND
 LOAN AGREEMENT
 BETWEEN
 THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY
 AND
 KING COUNTY DEPARTMENT OF NATURAL RESOURCES AND PARKS (DNR&P)
 WASTEWATER TREATMENT DIVISION (WTD)**

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**WASHINGTON STATE WATER POLLUTION CONTROL REVOLVING FUND
LOAN AGREEMENT BETWEEN
THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY
AND
KING COUNTY DNR&P - WTD
FOR
KING COUNTY WASTEWATER TREATMENT PLANT – CARNATION PROJECT**

THIS is a binding loan agreement entered into by and between the state of Washington, Department of Ecology [DEPARTMENT] and King County DNR&P - WTD [RECIPIENT]. The purpose of this loan agreement [AGREEMENT] is to provide funds to the RECIPIENT [LOAN] to carry out the activities described herein [PROJECT].

This AGREEMENT consists of 15 pages and ten attachments. This AGREEMENT incorporates by attachment and by reference the documents listed in ATTACHMENT 1.

Capitalized terms used, but not otherwise defined, in this AGREEMENT are defined in ATTACHMENT 2.

I. THE PARTIES

A. RECIPIENT Information

Name and Address: King County DNR&P - WTD
201 South Jackson Street
MS KSC-NR-0501
Seattle, WA 98104-3855

Contact: Maryann Ness
Telephone Number: (206) 684-1030
E-Mail Address: maryann.ness@metrokc.gov
Fax Number: (206) 684-1741

Federal Taxpayer ID Number: 91-6001327

Electronic transfer:
Payable to: King County DNR&P
For the Benefit of: WTD
Bank Name: Key Bank
Bank Address: Second & Marion
Seattle, WA 98104
Bank Account Number: 470011002966

King County DNR&P - WTD
King County Wastewater Treatment Plant - Carnation Project
Loan No. [REDACTED]

Water Quality Goal(s): *(Water Quality Goals are tangible environmental changes for the better, to be achieved or directly addressed by the PROJECT proposed.)*

1. "Severe Public Health Hazard" or "Public Health Emergency" eliminated.

Water Quality PROJECT Outcomes: *(Water Quality PROJECT Outcomes are quantitative results realistically anticipated from the PROJECT that will directly lead to the Water Quality Goals.)*

1. Eliminate the severe public health hazard caused by failing on-site septic systems. The public health threat of surfacing sewage and untreated sewage entering the ground water aquifer from sites distributed city-wide will be eliminated when users of the existing on-site septic systems are required to hook-up to the new collection system being built by the city of Carnation and send their wastewater to be treated at the treatment plant being built by King County.
2. Eliminate a source of groundwater pollution in the critical aquifer recharge area and non-point pollution in the Snoqualmie River. Once the Carnation Wastewater Treatment Facility and the local connections are completed, all buildings in the City will be required to hook-up to the new system. A total of 625 septic systems, the majority of which drain directly into the water table, will be eliminated as a source of pollution to the groundwater in the critical aquifer recharge area and as a source of non-point pollution into the Snoqualmie River.
3. Implement TMDL action included in site-specific identification and meet specified discharge limits and monitoring requirements. A Wastewater Treatment Plant for the city of Carnation has been discussed for a number of years and was included in the 1994 TMDL study. King County will meet or exceed the discharge limits specified and meet all monitoring requirements under the NPDES permit.
4. Eliminate potential contamination to a City drinking water source. The threat of contamination of the auxiliary drinking water well located in the City limits will be eliminated.

V. THE LOAN

A. Source and Availability; LOAN Amounts; LOAN Terms

DEPARTMENT Funding Source: Washington State Water Pollution Control Revolving Fund (Revolving Fund)

Subject to all of the terms, provisions, and conditions of this AGREEMENT, and subject to the availability of state funds, the DEPARTMENT will loan to the RECIPIENT the sum of fourteen million eighty-five thousand two-hundred thirty eight dollars (\$14,085,238) (the "Estimated LOAN Amount").

When the PROJECT Completion Date or the Initiation of Operation Date has occurred, if appropriate, the DEPARTMENT and the RECIPIENT will execute an amendment to this AGREEMENT which

King County DNR&P - WTD
King County Wastewater Treatment Plant - Carnation Project
Loan No. [REDACTED]

details the final LOAN amount (the "Final LOAN Amount"), and the DEPARTMENT will prepare a final LOAN repayment schedule, in the form of ATTACHMENT 8. The Final LOAN Amount will be the combined total of actual disbursements and all accrued interest to the computation date.

The Estimated LOAN Amount and the Final LOAN Amount (in either case, as applicable, a "LOAN Amount") shall bear interest at the rate of 3.1% per annum, calculated on the basis of a 365-day year. Interest on the Estimated LOAN Amount will accrue from and be calculated based on the date that each payment is mailed to the RECIPIENT. The Final LOAN Amount shall be repaid in equal installments semiannually over a term of twenty (20) years, as provided in ATTACHMENT 8.

B. Requests for Payment

Instructions for submitting payment requests are found in ADMINISTRATIVE REQUIREMENTS, PART IV. A copy of this document shall be furnished to the RECIPIENT.

1. Procedure. Payment requests shall be submitted by the RECIPIENT to the Financial Manager of the DEPARTMENT.
2. Cost Reimbursable Basis: Payments to the RECIPIENT will be made on a reimbursable basis at least quarterly, but no more often than once per month unless allowed by the DEPARTMENT's Financial Manager. The DEPARTMENT's Financial Manager may require the RECIPIENT to submit regular payment requests to ensure efficient and timely use of funds.
3. Documentation: Each request for payment will be submitted by the RECIPIENT, along with documentation of the expenses per the DEPARTMENT's ADMINISTRATIVE REQUIREMENTS.
4. Required Forms: The RECIPIENT shall submit all forms and supportive documentation to the DEPARTMENT's Financial Manager. Invoice voucher submittals will include a State of Washington Invoice Voucher Form A19-1A, Form B2 (ECY 060-7), Form C2 (ECY 060-9), and Form D (ECY 060-11).
5. Period of Payment. Payments shall only be made for eligible costs of the PROJECT pursuant to the AGREEMENT and performed after the effective date and prior to the expiration date of the AGREEMENT, unless those dates are specifically modified in writing as provided in Section III or pursuant to Section IX.
6. Ineligible Costs. Payments will be made only for eligible PROJECT costs incurred and will not exceed the Estimated LOAN Amount. If any audit identifies LOAN funds which were used to support ineligible costs, such funds may be immediately due and payable to the DEPARTMENT notwithstanding any provision to the contrary herein.
7. Overhead Costs. No payment for overhead costs in excess of 25 percent of salaries and

benefits of the RECIPIENT shall be allowed.

8. Certification. Each payment request will constitute a certification by the RECIPIENT to the effect that all representations and warranties made in this AGREEMENT remain true as of the date of the request and that no adverse developments, affecting the financial condition of the RECIPIENT or its ability to complete the PROJECT or to repay the principal of or interest on the LOAN, have occurred since the date of this AGREEMENT. Any changes in the RECIPIENT's financial condition will be disclosed in writing to the DEPARTMENT by the RECIPIENT in its request for payment.

C. Sources of LOAN Repayment

1. Nature of RECIPIENT's Obligation. The obligation of the RECIPIENT to repay the LOAN from the sources identified below and to perform and observe all of the other agreements and obligations on its part contained herein will be absolute and unconditional, and will not be subject to diminution by setoff, counterclaim, or abatement of any kind.
2. Revenue-Secured; Lien Position. This LOAN is a Revenue-Secured Debt of the RECIPIENT's Utility. This LOAN shall constitute a lien and charge upon the Net Revenue junior and subordinate to the lien and charge upon such Net Revenue of any Senior Lien Obligations. To secure the repayment of the LOAN from the DEPARTMENT, the RECIPIENT agrees to comply with all of the covenants and agreements herein including, but not limited to, those contained in Section VII of this AGREEMENT.
3. Other Sources of Repayment. The RECIPIENT may repay any portion of the LOAN from any funds legally available to it other than those pledged in Section V-C-2.
4. Defeasance of the LOAN; Refinancing or Additional Financing of the PROJECT. So long as the DEPARTMENT shall hold this LOAN, the RECIPIENT shall not be entitled to, and shall not effect, an economic Defeasance of the LOAN. The RECIPIENT also shall not refinance the PROJECT, including making an advance refunding of the LOAN, or obtain grants or loans additional to those listed in Section IV to finance the PROJECT, without the written consent of the DEPARTMENT.

If the RECIPIENT defeases or advance refunds the LOAN or obtains additional grants or loans for the PROJECT without DEPARTMENT consent, it shall be required to use the proceeds thereof immediately upon their receipt, together with other available RECIPIENT funds, to repay

- (i) the LOAN Amount with interest, and
- (ii) any other obligations of the RECIPIENT to the DEPARTMENT under this AGREEMENT,

unless in its sole discretion the DEPARTMENT finds that repayment from those additional sources

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would not be in the public interest.

Failure to repay the LOAN Amount plus interest within the time specified in the DEPARTMENT's notice to make such repayment shall incur Late Charges under Section V-D-2 and shall be treated as a LOAN Default under Section VIII-A.

D. Method and Conditions on Repayments

1. Semiannual Payments. Notwithstanding any other provision of this AGREEMENT, the first semiannual payment of principal and interest on this LOAN will be paid no later than the earlier of
 - (i) one year after the PROJECT Completion Date or Initiation of Operation Date or
 - (ii) five years from the first payment by the DEPARTMENT.

Equal payments will be due every six months thereafter.

If the due date for any semiannual payment falls on a Saturday, Sunday, or designated holiday for Washington State agencies, the payment will be due on the next business day for Washington State agencies.

Payments will be mailed to:

Cashiering Section
Washington State Department of Ecology
P.O. Box 5128
Lacey, WA 98509-5128

In lieu of mailing payments, electronic fund transfers can be arranged by working with the DEPARTMENT's Financial Manager.

No change to the amount of the semiannual principal and interest payments will be made without a formal amendment to this AGREEMENT. The RECIPIENT will continue to make semiannual payments based on this AGREEMENT until the amendment is effective, at which time the RECIPIENT's payments will be made pursuant to the amended AGREEMENT.

2. Late Charges. If any amount of the Final LOAN Amount or any other amount owed to the DEPARTMENT pursuant to this AGREEMENT remains unpaid after it becomes due and payable, the DEPARTMENT may assess a late charge (a "Late Charge"). The Late Charge shall be additional interest at the rate of one percent per month, or fraction thereof, starting on the date the debt becomes past due and continuing until the debt is paid in full. The RECIPIENT hereby agrees to pay such Late Charge. Nothing contained herein affects the DEPARTMENT's default rights in Section VIII-C of this AGREEMENT.
3. Repayment Limitations. Repayment of the LOAN is subject to the following additional

King County DNR&P - WTD
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RECIPIENT or the state of Washington.

E. Due Regard.

The RECIPIENT has exercised due regard for Maintenance and Operation Expense and the debt service requirements of the Senior Lien Obligations and any other outstanding obligations pledging the Gross Revenue of the Utility, and it has not obligated itself to set aside and pay into the Loan Fund a greater amount of the Gross Revenue of the Utility than, in its judgment, will be available over and above such Maintenance and Operation Expense and those debt service requirements.

VII. COVENANTS AND AGREEMENTS

A. Acceptance.

The RECIPIENT accepts and agrees to comply with all terms, provisions, conditions, and commitments of this AGREEMENT, including all incorporated and referenced documents, and to fulfill all assurances, declarations, representations, and commitments made by the RECIPIENT in its application, accompanying documents and communications filed in support of its request for a LOAN.

B. Accounts and Records.

The RECIPIENT will keep proper and separate accounts and records in which complete and separate entries will be made of all transactions relating to this AGREEMENT. The RECIPIENT shall keep such records for six years after receipt of final loan disbursement.

C. Alteration and Eligibility of PROJECT.

During the term of this AGREEMENT, the RECIPIENT (i) shall not materially alter the design or structural character of the PROJECT without the prior written approval of the DEPARTMENT and (ii) shall take no action which would adversely affect the eligibility of the PROJECT as a Washington State Water Pollution Control Revolving Fund project under Chapter 173-98 WAC, "Uses and Limitations of the Water Pollution Control Revolving Fund," or which would cause a violation of any covenant, condition, or provision herein.

D. Pledge of Net Revenue.

For so long as the LOAN is outstanding, the RECIPIENT irrevocably pledges the Net Revenue of the Utility to pay when due the principal of and interest on the LOAN.

E. Maintenance and Operation of Utility.

The RECIPIENT will at all times maintain and keep the Utility in good repair, working order and condition and also will at all times operate the Utility and the business in an efficient manner and at a reasonable cost.

