

HOOD CANAL REGIONAL SEPTIC LOAN PROGRAM

AN INTERLOCAL AGREEMENT BETWEEN

**Clallam County
Jefferson County
Kitsap County
Mason County
Kitsap Public Health District**

THIS AGREEMENT (“AGREEMENT”) is entered into by and between Clallam County, Jefferson County, Kitsap county, Mason County, and the Kitsap Public Health District (collectively, “the Parties”) for the purpose of participating in a Clean Water (Septic) Loan program to provide financial assistance to citizens residing within the boundaries of the Parties to address water quality issues in Hood Canal caused by onsite sewage systems.

I. RECITALS

1.1 INTERLOCAL COOPERATION ACT. The Interlocal Cooperation Act, Chapter 39.34 RCW, allows public agencies to enter into cooperative agreements to more efficiently provide services within their jurisdictions.

1.2 HOOD CANAL PROGRAM. This Agreement continues and expands the Hood Canal Regional Septic Loan Program (“Program”). In collaboration with the Washington State Department of Ecology (“Ecology”) and Craft 3, a 501(c)(3) organization, public funding is leveraged with private capital to implement the Program. The Program Guidelines are attached to this Agreement as Exhibit A, and incorporated by reference herein. Public funding for the Program is described in the contract between Ecology, Kitsap County, and the Kitsap Public Health District attached hereto as Exhibit B, and incorporated by reference herein. Except as described in Sections 2.3 and 2.5 below, or if public funding or private funding described below is fully expended, ends, or is no longer available for purposes of this Program, the Agreement and the Program it establishes are deemed to have no termination date.

1.3 STATE FUNDING. Public funding sources are a Centennial Clean Water Program Grant and Clean Water Act State Revolving Fund loan (hereafter “Revolving Fund Loan”). Kitsap County and the Kitsap Public Health District will enter into a contract with Ecology to administer the public funding portion of the Program. The Revolving Fund Loan is a general obligation debt of the Parties. In addition, the Parties are responsible for leading compliance, inspections, permitting, contractor certification, and outreach within their territorial jurisdictions.

1.4 PRIVATE FUNDING. Craft3 has established and operated a revolving loan fund program since 2007 utilizing public and private funding and has additionally established a loan loss reserve to address any losses associated with this fund. As of 12/31/15, unadjusted Craft3 company-wide loan loss reserves (LLR) exceeded 3.5 million and included over \$350,000 in LLR specifically dedicated to this Clean Water fund. The contract between the Health District and Craft 3 is attached to this Agreement as Exhibit C and incorporated by reference herein.

1.5 PURPOSE OF AGREEMENT. The purpose of this Interlocal Agreement is to establish the joint and cooperative undertaking in connection with the Program, provide for administrators responsible for administering the Program, and define management and financial responsibilities as contemplated in RCW 39.34.030.

II. AGREEMENT

2.1 PROGRAM. The Parties agree that management and operation of the Program will be based on the Program Guidelines attached as Exhibit A and the contract between Ecology, Kitsap County, and the Kitsap Public Health District attached hereto as Exhibit B, both of which are incorporated by reference into this Agreement. The Program may be modified pursuant to Section 2.10 of this Agreement.

2.2 TREASURY AND FINANCIAL REPORTING. Kitsap County will provide the treasury functions for the Program pursuant to RCW 43.09.285, as it has the largest population of any of the Parties to this Agreement. Kitsap County and the Kitsap Public Health District will administer the Program. Upon request, Kitsap County and/or the Kitsap Public Health District will provide the Parties with copies of all contracts, financial reports, payments, and relating documents sent to and received from Ecology regarding the Program. The financial reports will reflect reports prepared by Craft3 on the number of loan applications submitted and approved, projects currently under construction, projects completed, and projects in default.

2.3 FINANCIAL RESPONSIBILITY. By and through this Agreement, each Party is a party to the contract between Kitsap County, the Kitsap Public Health District, and Ecology, which contract is attached to this Agreement as Exhibit B and incorporated by referenced herein. Kitsap County is the administrator of the Program pursuant to RCW 39.34.030 for the purpose of obtaining funding on behalf of all Parties to this Agreement, and is providing the treasury and contracting functions as required by RCW 43.09.285. Program loans relating to property situated within a Party's territorial jurisdiction that are in default such that Kitsap County has the obligation to make Ecology whole shall be a general obligation debt of that Party. If Kitsap County funds are utilized to repay loan funds to Ecology for property situated within another Party's territorial jurisdiction, then that Party will reimburse Kitsap County the amount of funds repaid to Ecology. In the event Kitsap County wishes to terminate its role in providing treasury and contracting functions under this Agreement, Kitsap County shall provide six months written notice to the other Parties to this Agreement.

2.4 PROGRAM ADVISORY BOARD. Each Party shall appoint one member to the Program Advisory Board ("Advisory Board"). The functions of the Advisory Board will be to review ongoing implementation of the Program, including financial status, marketing program, and evaluation of program operations. The Advisory Board shall meet at least quarterly to review the implementation of the Program. The Parties may periodically request, but not more than twice yearly, a written report from the Advisory Board. The Parties will seek to coordinate reporting by the Advisory Board with reporting provided by Craft 3 relating to the Program. The Advisory Board may modify the Program Guidelines through a unanimous vote of all members.

2.5 TERMINATION OF PROGRAM. The Program shall be terminated only when the legislative authorities of all the Parties have determined that they no longer wish to participate in the Program. The termination of the Program shall be effective only upon the end of the current calendar year. Upon termination of the Program, the Parties shall seek to reach agreement on the payment of financial responsibilities, collection of loans, division of remaining funds, and ongoing implementation of the Program by Parties to this Agreement on an individual or shared basis. If the Parties cannot reach agreement on the terms for termination of the Program, then the Dispute Resolution process in Section 2.11 of this Agreement shall apply.

2.6 RECORDS MAINTENANCE. The Parties shall maintain books, records, documents and other evidence, which sufficiently and properly reflect all costs relating to the Program. These records shall be subject to inspection, review, or audit by agencies so authorized by law. All books, records, documents, and other material relevant to this Agreement will be retained for six years after expiration and the Office of the State Auditor, federal auditors, and any persons duly authorized by the Parties shall have full access to and the right to examine any of these materials during this period. The local government Parties will comply with all applicable provisions of chapter 42.56 RCW, the Public Records Act. Records and other documents, in any medium furnished by one party to this Agreement to the other party, will remain the property of the furnishing party, unless otherwise agreed. The receiving party will not disclose or make available this material to any third parties without first giving notice to the furnishing party and giving it a reasonable opportunity to respond. Each party will utilize reasonable security procedures and protections to assure that records and documents provided by the other party are not erroneously disclosed to third Parties.

2.7 RIGHTS IN DATA. Unless otherwise provided, data which originates from this Agreement shall be “works for hire” as defined by the U.S. Copyright Act of 1976 and shall be owned equally by the Parties. Data shall include, but not be limited to reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to use, copyright, patent, register and the ability to transfer these rights.

2.8 PROPERTY. The Parties do not anticipate the acquisition of property for the performance of this agreement, and any property acquired by a Party using this Agreement shall be held by the acquiring Party.

2.9 INDEPENDENT CAPACITY. The employees or agents of each party who are engaged in the performance of this Agreement shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party.

2.10 AGREEMENT ALTERATIONS AND AMENDMENTS. This Agreement may be amended by unanimous agreement of the Parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the Parties.

2.11 DISPUTES. In the event that a dispute arises under this Agreement, it shall be determined by a dispute board in the following manner: Each party to this Agreement shall appoint a member to the dispute board. The members so appointment shall jointly appoint two

additional members to the dispute board. The dispute board shall evaluate the facts, contract terms and applicable statutes and rules and make a determination of the dispute. The determination of the dispute board shall be final and binding on the Parties hereto.

2.12 GOVERNANCE. This contract is entered into pursuant to and under the authority granted by the laws of the State of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws. In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order: 1. Applicable State and federal statutes and rules; 2. Any other provisions of this Agreement, including materials incorporated by reference.

2.13 ASSIGNMENT. The obligations under this Agreement, and any claims arising thereunder, are not assignable or delegable by either party in whole or in part, without the express prior written consent of all other Parties, which consent shall not be unreasonably withheld.

2.14 WAIVER. A failure by any party to exercise its rights under this Agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in a writing signed by an authorized representative of the party and attached to the original Agreement.

2.15 SEVERABILITY. If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

2.16 ALL WRITINGS CONTAINED HEREIN. This Agreement contains all the terms and conditions agreed upon by the Parties. No other understanding, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the Parties hereto.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

Executed this <u>26th</u> day of <u>January</u> 201 <u>6</u>	Executed this <u>8</u> day of <u>Feb</u> , 201 <u>6</u>
Clallam County Board of Commissioners	Jefferson County
By: <u>M. Chapman</u>	By: <u>Kathleen Kler</u>
<u>MIKE Chapman</u>	
Title: <u>Chair</u>	Title: <u>BOCC Chair</u>

<p>Executed this <u>26</u> day of <u>January</u>, 201<u>6</u></p> <p>Mason County</p> <p>By: <u>[Signature]</u> <u>6-15-16</u></p> <p>Title: <u>Chair</u></p>	<p>Executed this <u>9</u> day of <u>May</u>, 201<u>6</u></p> <p>Kitsap County</p> <p>By: <u>[Signature]</u></p> <p>Title: <u>Chair, KC Boc</u></p>
<p>Executed this <u>6</u> day of <u>MAY</u>, 201<u>6</u></p> <p>Kitsap Public Health District</p> <p>By: <u>[Signature]</u></p> <p>Title: <u>ADMINISTRATOR</u></p>	

Date: [Signature] 1/21/2016
5/25/2016
 APPROVED AS TO FORM ONLY BY THE
 Clallam County Prosecuting Attorney

Date: [Signature] 2/3/16
 APPROVED AS TO FORM ONLY BY THE
 Jefferson County Prosecuting Attorney

Date: [Signature] 05-04-16
 APPROVED AS TO FORM ONLY BY THE
 Kitsap County Prosecuting Attorney

Date: [Signature] 1/26/16
6/14/16
 APPROVED AS TO FORM ONLY BY THE
 Mason County Prosecuting Attorney

Craft3 Clean Water Loan Guidelines Hood Canal Program February 2015

EXHIBIT A

(consisting of 10 pages)

To

INTERLOCAL AGREEMENT

Between

Clallam County

Jefferson County

Kitsap County

Mason County

Kitsap Public Health District

**Craft3 Clean Water Loan
GUIDELINES
Hood Canal Program
February 2015**

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I. Document Name and Purpose

These Guidelines, together with attachments, govern the Craft3 Clean Water Loan (“Loan”). This document has been approved for use by the Hood Canal Clean Water Loan Advisory Board. Unless otherwise provided for in the Guidelines, exceptions to the policies set forth herein require the approval of the Advisory Board.

a. Name

The loan product shall be known as the Craft3 Clean Water Loan.

b. Purpose

The primary purpose of the Loan is to assist eligible property owners to repair, upgrade and/or replace existing onsite sewage treatment systems to standards that meet or exceed applicable code requirements of the participating jurisdictions. Additional goals of the Clean Water Loan include:

- Educate current and prospective borrowers of onsite sewage treatment about the importance of functional and well maintained systems to human health, water quality and property values; and
- Support local businesses and the contributions of onsite septic professionals to of the shellfish industry and economic activity in participating jurisdictions.
- Reduce sources of water pollution
- Protect vulnerable habitat/marine life
- Improve public health
- Help people stay in their homes

II. Loan Overview

a. Background

The Clean Water Loan has been specifically designed to assist property owners who depend on onsite sewage treatment systems to treat wastewater. The Loan provides financial assistance to cover 100% of the costs associated with the design, permitting, installation, testing, and ongoing maintenance of an approved onsite system with the appropriate technology for a particular site. Loan amounts accommodate the costs of complying with or exceeding the code requirements for onsite sewage treatment systems in all participating jurisdictions. In some circumstances the Loan will enable individual property owners to (1) connect to an off-site sewage treatment system; or (2) participate with neighbors to design, install and connect to community or small cluster sewage treatment systems.

This Loan is not a code enforcement strategy. Rather, it is intended to help reduce the financial barriers that prevent property owners from taking corrective action to repair, upgrade or replace failed, obsolete and/or inefficient existing septic systems.

Oversight of the Loan is a collaborative approach shared by multiple jurisdictions. These jurisdictions share a common concern with the actual and potential negative impacts of faulty onsite sewage treatment systems on human and ecological health. Portions of each of these jurisdictions are located within the Puget Sound watershed, which may be at risk from failing septic systems. Participating jurisdictions recognize the value of a single, scalable approach to financing onsite sewage treatment quality and capacity throughout their respective geographies.

The Loan is also a joint venture between participating jurisdictions and Craft3 a non-profit community development financial institution, with a mission to strengthen economic, ecological and family resilience in Pacific Northwest communities. Craft3 achieves its mission by providing loans and assistance to individuals, entrepreneurs, non-profits, and others and specializes in helping those who don't normally have access to financing. Craft3 is responsible for administering Clean Water Loans in the eligible areas of the jurisdictions in a manner that reflects locally approved policies, land use regulations, applicable health codes, and Washington State consumer lending regulations. Craft3 specializes in transactions that are generally not available through traditional banks and is more flexible in qualification requirements (wider range of credit, more than just a credit score), and repayment terms. The Loan rates and terms were designed specifically to be accessible to borrowers with low incomes, and may be available to those with existing debt, and previous credit problems.

b. Participants and roles

1. **Local Health Jurisdictions:** The Public Health Jurisdictions of Jefferson, Kitsap, Mason, and Clallam Counties are the government sponsors of the loan. Each jurisdiction is empowered to be a participant as it affects their jurisdiction. In addition, all regulatory requirements to be satisfied by the borrowers are those of the respective jurisdiction in which the borrower is located.
2. **Craft3:** Craft3 is responsible for management of all aspects of loan origination and servicing, customer service, reporting, and compliance. Craft3 is responsible for the performance of the

Clean Water Loan portfolio, minimizing losses and meeting development goals. Craft3 will ensure that adequate processes and procedures are in place to ensure good credit quality management consistent with the Clean Water Loan Guidelines and Craft3 credit policy. Craft3's credit policy is updated annually and approved by its Board of Directors. A copy can be made available to the Advisory Board upon request.

3. **Sovereign Lands:** The Port Gamble S'Klallam and Skokomish Indian Tribes may be participating jurisdictions if they deem the Loan relevant to their needs and priorities. Loan funds are reserved for their participation. Due to the unique requirements of delivering loans within the boundaries of Indian Reservations, customized and separate loan delivery requirements may be necessary. In this event, a separate Guideline will be developed to govern loan activity accomplished with these sovereign nations. All activity financed by the Clean Water Loan must comply with the health and safety standards and requirements of the sovereign nation in which the affected property is located.

c. Key contacts

The following individuals have been granted authority to act on behalf of their participating governments as an Advisory Board to the Clean Water Loan:

1. For Craft3: Adam Zimmerman, Executive Vice President
2. For Kitsap County: Stuart Whitford
3. For Mason County: Debbie Riley
4. For Jefferson County: Linda Atkins
5. For Port Gamble S'Klallam: Pending
6. For Skokomish Indian: Pending
7. For Clallam County: Andy Brastad

III. Authority

a. Oversight and administration

Authority for oversight and administration is vested in each of the six participating jurisdictions: Jefferson, Kitsap Mason, Clallam Counties, and Port Gamble S'Klallam and Skokomish Tribes. These six governments have authority to charter the Loan to operate in their jurisdictions and the authority to revoke that charter. They will receive a report from Craft3 and review the Clean Water Loan program on an annual basis. If they wish to revoke or substantially change that charter, those changes must be agreed to unanimously by all six governments.

b. Governing document

The Guidelines are the governing document of the Clean Water Loan. These guidelines and amendments to them must be approved by the Advisory Board (unless otherwise provided for in this or the attached documents).

c. Loan Monitoring

The Clean Water Loan is monitored by an Advisory Board charged with oversight on behalf of participating jurisdictions. The parties identified in Section V(b), above, shall constitute the membership. The Advisory Board may, at its discretion, adopt such rules, regulations and procedures as it deems necessary to conduct its business. The Advisory Board shall meet as necessary, but at least semi-annually, to receive progress reports and recommendations for action from Craft3 staff and management assigned to the Clean Water Loan. The Advisory Board will be consulted for approval on major changes to the Loan, such as modifications to the rates and terms, however Craft3 will maintain sole authority to make credit determinations and make changes to its internal loan policy.

d. Credit determination authority

Craft3 has sole and exclusive authority to approve or decline credit according to its internal Credit Policy. Participating jurisdictions shall not communicate to potential or current borrowers or details about their loan status, nor shall they use potential default as tool to influence homeowner compliance.

e. Confidentiality

To ensure trust, respect and confidence, all customer personal and business financial affairs will be kept strictly confidential. Craft3 has the authority to protect the confidentiality of applicants and borrowers and shall not be required to divulge the names and personally identifiable information of any applicant or borrower. All customer records and information will be safeguarded and unauthorized access or use is prohibited. All Loan customers will be provided with a Confidentiality Statement outlining Craft3's commitment to maintaining confidentiality at loan closing (signing). Craft3 will include a question on the loan application requesting the borrower's permission to allow Craft3 to share general loan status information with partners, such as health jurisdictions and

contractors. Craft3 will never share Personally Identifiable Information (PII), such as date of birth and social security number.

IV. Loan Eligibility

The following are eligible to apply for the Clean Water Loan:

a. Property Ownership Types:

The loan may serve a range of property ownership structures. The following are eligible to apply for the Clean water Loan:

- Person, corporation, or partnership that owns real property located within the boundaries of participating health jurisdictions
- Person, corporation, or partnership that has the legal right to encumber the real property with a beneficial interest of Craft3 as collateral for the Loan.
- Exceptions are made for situations in which the party who possesses such rights consents to the Loan and the resulting security interest, and for applicants with homes on lands held in Trust by the Bureau of Indian Affairs

b. Eligible Property Types:

- Single-family Residential Properties (1-4 units)
 - Owner-occupied
 - Non-owner occupied (e.g. rental properties, vacation homes, etc.)
- Multi-family Residential Properties more than 4 units, (e.g. apartment complexes, etc.)
- Commercial Properties – residential and non-residential.

c. Eligible Septic System Characteristics: (system must meet one of the following conditions)

1. Demonstration that the existing on-site sewage treatment system is older than 25 years
2. Documentation of a system failure or inadequacy if the system is less than 25 years old. (Acceptable documentation may be obtained from participating local health jurisdictions or from a qualified on-site professional).
3. Documentation that a homeowner has been officially referred by a participating jurisdiction or partner.

d. Eligible incomes

There are no income restrictions for loan applicants due to the understanding that access to credit challenges are not limited to those with lower incomes. However, applicants that are financially distressed may apply for a loan regardless of the condition of their septic system.

Financially distressed is defined as:

- A household earning 80% or less of the county median income;
- A non-profit entity that serves primarily financially distressed households; and
- A household that demonstrates that amortizing payments on a loan will cause their total housing costs to exceed 40% of their gross income.

e. The following are not eligible for the Clean Water Loan:

1. Those that do not have the legal right to encumber the real property with a beneficial interest of Craft3 as collateral for the Loan. Exceptions are made for situations in which the party who possesses such rights consents to the Loan and the resulting security interest, and for applicants with homes on lands held in Trust by the Bureau of Indian Affairs,
2. Properties with have unpaid property taxes and/or other assessments levied on the property by any local or state taxing district for prior two tax years;
3. Property for which there is no record of permitted improvements;
4. Properties located in an area identified for development of a shared or community sewage treatment system. (Local jurisdictions to provide this information to Craft3).
5. Septic system upgrades that are not permitted and/or that are not authorized by applicable code (e.g. terra lifting is prohibited).

V. Uses of Loan Proceeds

Loan proceeds may be used to fund the necessary work identified by the onsite designer and/or contractors as essential for the installation of the system and specified in the bid document. If the scope of work changes after loan documents are signed, Craft3 will require the contractor to submit a change-order form signed by the customer or updated signed bid prior to any changes in loan amounts to be approved.

The Clean Water Loan may be used to finance the following:

a. Allowable Septic System Capacity Increase:

Craft3-financed septic systems may support the following increases in treatment capacity:

- Single Family: One additional bedroom capacity
- Small Commercial and/or Multi-Family System: up to 25% increase in treatment capacity.

The intention with this requirement is for the Clean Water Loan to support septic repair and replacement, not significant property expansion and upgrades. Some exceptions to this rule may be warranted and will be allowable upon approval by the Advisory Board.

a. Eligible uses of loan proceeds:

Loan funds may be used to pay for any of the following expenses associated with repair, upgrading and/or replacement of onsite septic systems, provided that the approach is explicitly authorized by applicable code (e.g. terra lifting is prohibited). These requirements will be monitored by participating jurisdictions during the permitting process.

1. **Assessment:** Testing, evaluation and assessment of an existing system for failure or needed repairs (with documented costs reimbursed to the borrower by loan proceeds);
2. **Design:** Design, testing, specifications and bidding for repairs, upgrades and/or replacements of onsite or community systems by licensed, county-approved contractors.
3. **Permitting:** Permit application and regulatory inspection fees, including any necessary cultural resources permitting and inspections.
4. **Installation:** Installation costs for local health jurisdiction-permitted repairs, upgrades and/or replacement systems. All installations costs must be clearly stated in the contractor's bid as a condition of loan closing. This may include:
 - **Maintenance and pumping needs** that are a necessary part of the system repair and replacement work
 - **Repair and/or relocation of a well, driveway, and/or landscaped area *only if*** the new system installation requires relocation and/or destruction of the existing asset.
5. **Loan fees and closings:** Loan fees, interest and closing costs including third party fees such as credit reports and lien filing.
6. **Water conservation measures:** Costs associated with installation of fixtures and fittings that reduce water consumption, to a maximum of \$1,000;
7. **Habitat creation:** Costs associated with the creation of riparian (shoreline) habitat, to a maximum of \$1,000;
8. **Operation & Maintenance Reserve:** To ensure that the asset is protected and the new system is property maintained over time, Craft3 will, as a rule, add \$1,750 to each borrower's loan amount to enable the property owner to pay for costs associated with the services of qualified third parties to service, inspect and maintain on-site treatment systems to specifications provided by the designer, engineer, and/or supplier of the new system. This amount will be held in reserve by Craft3 for disbursement upon request by the borrower. Borrowers will not be charged interest until a disbursement is made.
9. **Sewer connection:** All costs associated with establishing service with and connection to an existing off-site treatment system approved by appropriate regulatory agency.
10. Construction of on-site sewage system or public sewer connection that will serve an existing structure with no on-site sewage system if it meets all of the following conditions:
 - Structure is, or will be upon completion, a legally permitted structure used in methods consistent with the permitted use;
 - Structure is currently occupied by a resident or being used while under local health jurisdiction order to construct sewage treatment facilities or abandon use of the property as a residence; and,
 - Structure meets all other applicable construction and use codes.

b. Limited Eligibility

Craft3 will consider loans for the community and cluster systems serving multiple properties. Total loans for such systems shall not exceed 10% of total available Clean Water Loan grant capital at any time. In the case of community systems, Craft3 shall determine eligibility, feasibility and types of assistance on a case-by-case basis with input from the Advisory Board.

c. Prohibited Uses of Funds.

The loan funds may not be used for the following purposes:

1. Any system that is not replacing, repairing or improving an existing system.
2. Any improvements not recognized as permitted and compliant by local health jurisdictions.

3. Any costs for labor or other services not incurred by a licensed, county-approved, or otherwise certified professional.
 4. Any repairs to existing connections to municipal or public sewage treatment systems.
- Prohibited uses #1 and 2 will be monitored by participating jurisdictions and #3 will be monitored by Craft3. Any exceptions will be approved by the Advisory Board.

VI. Loan Structure

a. Overview

Clean Water Loan terms and conditions are specifically designed to address the diverse needs and situations of property owners in the participating jurisdictions, including those with low incomes, fixed incomes, and those who have experienced other financial hardships. In the interest of maximizing the impact of the Clean Water Loan on human health and water quality, Craft3 will tolerate higher risk than a traditional lender and will consider a broader range of credit and other credit requirements than is typical for this market.

Loan terms and conditions shall be reviewed annually; any modifications shall require the consent of the Advisory Board and Craft3 management. However, Craft3 shall not agree to loan terms and conditions that it cannot justify from a financial operating perspective.

b. Application requirements

Craft3 Clean Water Loan applications are available online, from Craft3 offices, by mail, and through local distribution systems. A complete Craft3 Clean Water Loan application will consist of the personal or business financial information required to make a credit determination (e.g. income documentation, credit report) plus and the following details about the septic project:

- Demonstration that the project meets the eligibility requirements:
- Approved project bid, budget and design team
- Evidence that:
 - Project is approved by the regulatory agency
 - The existing improvements are permitted and compliant with existing and applicable codes;

c. Rates & Terms

Craft3 shall determine pricing policy in collaboration with the Advisory Board. The chart below establishes the current (as of 1/1/15) loan terms and interest rates for qualified borrowers

CLEAN WATER LOANS TO RESIDENTIAL OWNER-OCCUPIED PROPERTIES			
Annual HH Income	Interest and Annual Percentage Rate (APR)	Repayment Terms	Example \$15,000 loan amount**
Up to \$35,000	1.99% (2.08% APR)	No monthly payments* required.	Example \$15,000 loan amount: ** no payments for 179 months, then \$20,449 balloon payment due on the 180th month
\$35,001 – \$55,000	3.99% (4.42% APR)	Monthly interest only payments**	Example \$15,000 loan amount: ** 179 monthly interest-only payments of \$53.29, plus \$15,051 balloon payment due on the 120th month
Greater than \$55,000	4.99% (5.72% APR)	Monthly principal and interest payments **	Example \$15,000 loan amount: ** \$124.31 due monthly for 180 months/ 15 year term
CLEAN WATER LOANS TO RESIDENTIAL PROPERTIES (NOT OWNER-OCCUPIED)			
Any	4.99% (5.72% APR)	Monthly principal and interest payments**	Example \$15,000 loan amount: ** \$124.31 due monthly for 180 months/ 15 year term
CLEAN WATER LOANS TO COMMERCIAL PROPERTY OWNERS			
n/a. Craft3 Business lending policies will be used to evaluate business customers.			

*Loan availability, terms, and conditions current as of 6/1/2013, and are subject to change. Residential property examples include financing of standard third party and lender loan fees totaling approximately \$725. Not all applicants will qualify. Equal Housing Lender. Craft3 NMLS ID#390159.

** Principal balance and interest (if applicable) due on sale, transfer, refinance, or maturity. If, after 15 years, homeowner has not sold, refinanced, or otherwise transferred ownership of the property, is in compliance with the loan agreement, and meets relevant lending/program criteria, the 15-year loan period may be extended, at the lender's sole discretion, for up to an additional five years.

d. Loan Fees

Craft3 Loan Policy shall establish a schedule of applicable loan fees. The fees collected shall be fully documented cover its reasonable costs of delivering and servicing the Clean Water Loan. All fees may be included in the loan amount. The current fee schedule to borrowers for the Clean Water Loan consists of:

- **Origination Fees:** Craft3 shall be entitled to charge a loan fee of \$350 for residential property owners and \$450 for commercial property owners and such fee shall cover its administrative and loan documentation costs. The fee shall be fully earned upon acceptance of a loan approval by the borrower.
- **Document Fees:** Craft3 shall be entitled to a standard documentation fee for each loan. The fee may be included in the loan amount.
- **Closing Costs:** Craft3 shall pass on to the borrower its costs of closing the loan, including but not limited to credit reports recording, overnight mail, and other related costs. These fees may be included in the loan amount.
- **Late Fees:** Generally, late fees are charged when a required loan payment is received after the grace period (generally 10 days). Loan Officers have the authority to negotiate Late Fees with Borrower to be waived or capitalized if it in the best interest of both Craft3 and the Borrower.
- **Default Rates:** Generally, a default rate of several percentage points (as determined by management) over the Note Rate is applied to loans in default, retroactive to the date of default.
- **Other Charges:** Restructuring fees, assumption fees, and reconveyance or discharge fees may be applied to the loan at the discretion of Craft3.

e. Operation, Maintenance and Monitoring (O&M) Reserve and Requirements

Each loan amount shall be increased by the estimated sum necessary to cover specified costs of system maintenance, monitoring, and inspections for at least five years, or \$1,750, (whichever is greater). Sewer connection loans will not include reserve amounts unless the designer, engineer or installer specifies any maintenance necessary to keep the connection operational. For commercial facilities an amount larger than \$1,750 may be reserved at the discretion of Craft3. Borrowers do not pay interest on funds until they are disbursed.

- **Monitoring requirements**
 - Craft3 will make available a reserve of \$1,750 to help borrowers cover the costs of inspections, maintenance, and repairs for up to five years after the installation of the system.
 - The \$1,750 reserve will be added to the total amount of the loan, but interest will not be charged on these until the borrower utilizes the funds and interest will only be charged on amounts disbursed.
 - The O&M reserve is a requirement of the Clean Water Loan: Craft3 loan documents contain specific Craft3 requirements for inspections and repairs; borrowers will separately be subject to all applicable requirements for their county.
 - Craft3 will remind customers, from time to time, of the availability of these funds as an incentive for them to inspect and repair their systems. Craft3 will also coordinate with the participating counties and may issue reminders to certain customers upon request. Borrowers who are out of compliance with the county will not be considered in default for their loan by Craft3; County representatives shall not communicate loan status information to Craft3 borrowers or make claims connecting County compliance with loan status.
 - All borrowers must stipulate that Craft3 and its agents or assigns shall have the legal right of access to the financed system for purposes of verifying proper operation and maintenance and, if necessary, conducting specified maintenance and/or monitoring inspections.
- **Disbursement process**
 - Upon submission of a borrower-approved invoice for the cost of the inspection, repair, or maintenance, Craft3 will pay the contractor directly.
- If borrower defaults on loan, O&M funds will no longer be available.

f. Collateral

All Clean Water Loans shall be secured by a security interest in the borrower's real property assets (e.g. UCC, Deed of Trust). Additional collateral or loan loss reserve allocations may be required if the subject property does not satisfy this standard.

g. Loan Loss Reserves (LLR).

Standard LLR: In order to offset the risk to the revolving loan fund of loan defaults, Craft3 has established a Clean Water loan loss reserve consistent with generally accepted accounting procedures (GAAP) and portfolio performance which may constitute approximately 5-10% of loans outstanding.

Craft3 will ensure that net assets held in reserve will be maintained at levels that are sufficient to absorb any losses, and as needed will replenish the loan fund. In the event of a loss, Craft3 may transfer 100% of the cost of the loan from the Loan Loss Reserve into RLF fund for ongoing use. Upon request, Craft3 shall report to the Advisory Board, upon request, on the status of the Loan Loss Reserves. Special Loan Loss Reserve: Craft3 may allocate additional loan loss reserves to a borrower as a condition of loan approval if a financially distressed applicant would otherwise be declined for credit and/or risk management reasons. In this event, Craft3 shall provide its rationale for the additional reserve requirements to the Advisory Board.

VII. Uses of the Clean Water Loan for Commercial Properties

a. Rates and terms for commercial properties

Any approved loan to support repair or replacement of a septic system serving a structure or facility that is sited on a parcel zoned for commercial use shall receive up to a 8% rate with required monthly payments, including interest, for a term up to 15 years, except that where such a facility is also occupied by the owner as a residence in compliance with applicable zoning and other use codes, and no more than 50% of the daily sewage flow is generated by the residence.

b. Application and underwriting for commercial property owners

Craft3 will provide a business loan application from commercial property owners that covers relevant business financial and background documents. Documentation of eligibility for the Clean Water Loan and of work plans will be the same as for residential property owners. Craft3 will charge a \$450 loan fee plus relevant closing costs.

VIII. Credit Administration

Craft3 is responsible for administration of the Clean Water Loan consistent with the organization's Credit Policy. Craft3 has sole authority for adopting and implementing Credit Administration Policy for the Clean Water Loan. Craft3 will ensure that adequate processes and procedures are in place to ensure good credit quality management.

IX. Financial Administration

The use of private and public resources available for the Clean Water Loan shall be governed by separate agreements between Craft3 and each funding entity their requirements as to the handling of funds.

a. Segregation of assets

Assets designated as the Clean Water Loan Fund Capital will not be used to fund operations for the corporation as whole.

b. Cost Sharing

Craft3 will equitably apply available private and public resources in ways that maximizes the recovery and reapplication of these resources over time. Special efforts shall be made to apportion resources and costs in a manner that minimizes the regulatory constraints placed on borrowers.

c. Responsibility

Craft3 shall have full responsibility for the financial administration of the Clean Water Loan consistent with GAAP.

d. Delinquency rate expectations

The acceptable ratio of past due loans (loans more than 30 days past due) to total loans outstanding will be determined by the Craft3 Risk Manager.

e. Defaults

A loan is considered in default when (1) required payments are not made; (2) on-going maintenance and servicing of a system once constructed is not performed; or (3) if a property is refinanced, sold or transferred without the loan being paid off; or (4) borrower fails to comply with reasonable provisions set forth in the loan documents. If a loan is in default, pricing on the may be increased to reflect the increased risk. Default interest rates shall be established at the discretion of Craft3.

f. Allowance for Losses

Allowance for Losses will be determined by the Craft3 Risk Manager. Un-recovered and fully expensed loan losses (write offs) shall be reported to the IRS as taxable income to the defaulted borrower. Craft3 shall document its collection efforts to funders and/or the Advisory Board on request.

g. Collection Efforts and Filing Judgments

Craft3 will follow its processes and protocols identified in its Credit Policy to guide all collection efforts.

X. Marketing and Outreach

The Clean Water Loan will be marketed throughout participating jurisdictions. The marketing strategy will be designed to reach the broadest cross section of prospective participants, but place special emphasis on:

- Property owners with current or pending citations for noncompliance;

- Property owners proximate to Puget Sound and riparian shorelines;
 - Property owners proximate to documented water quality problems commonly associated with the presence of human sewage.
- a. Implementation roles and responsibilities**
1. Craft3 is responsible for design and printing of marketing collateral (such as brochures and handouts) and delivery to participating health jurisdictions and contractors for distribution throughout the participating counties.
 2. Participating health jurisdictions, in partnership with Craft3, will reach out to onsite septic professionals, real estate professionals, and educational groups, to help promote and market the program.
 3. Participating health jurisdictions will distributing collateral materials within each county in locations, such as banks, health jurisdictions, social service agencies, real estate offices and other similar locations
 4. Craft3 will work closely with participating health jurisdictions and other identified stakeholders to promote the Clean Water Loan. Specific activities will be determined in partnership with each county and may include, but are not limited to:
 - Monthly or quarterly calls with relevant professionals
 - Contractor orientations or networking sessions
 - Public service TV and radio spots;
 - Advertisements in local media;
 - Presentations to service clubs, educational organizations, and community groups
 5. Craft3 may consider developing specialized marketing materials and offering financial incentives to marketing partners to support successful Loan referrals.

XI. Reporting

a. Loan Data

Craft3 shall report to the Advisory Board on a quarterly basis on program progress. Such reports shall include data specific to each jurisdiction with information, such as:

- Number of applicants received
- Number of applicants in process
- Number and dollar amount of loans approved and disbursed
- Number of loans declined for credit or risk management reasons Number and dollar amount of defaulted loans
- Losses expensed to date and amount of reserve for future losses
- Total lending by household income status

b. Financial Reporting

Craft3 shall provide financial reports, upon request, to the Advisory Board to provide an overview of the financial health of the program. Reports may include information, such as:

- Availability of lending resources for future program activity; and/or
- Status of the loan loss reserve
- Revenues derived from fees, interest, contract and grant revenues
- Expenses attributable to the delivery of the Clean Water Loan, including indirect administration costs, loss reserves, and the expensing of loan losses;

Craft3 shall also make available upon request, the program budget and the findings of its annual independent audit and compliance assessments.

Department of Ecology Agreement WQC-2015-KitPHD-00157

EXHIBIT B

(consisting of 40 pages)

To

INTERLOCAL AGREEMENT

Between

Clallam County

Jefferson County

Kitsap County

Mason County

Kitsap Public Health District

Agreement No: WQC-2015-KitPHD-00157
Project Title: Regional Clean Water Revolving Loan Program
Recipient Name: KITSAP PUBLIC HEALTH DISTRICT



Agreement WQC-2015-KitPHD-00157

WATER QUALITY COMBINED FINANCIAL ASSISTANCE AGREEMENT
BETWEEN THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY
AND
KITSAP PUBLIC HEALTH DISTRICT

This is a binding Agreement entered into by and between the State of Washington, Department of Ecology, hereinafter referred to as "ECOLOGY" and KITSAP PUBLIC HEALTH DISTRICT, hereinafter referred to as the "RECIPIENT" to carry out with the provided funds activities described herein.

GENERAL INFORMATION

Project Title:	Regional Clean Water Revolving Loan Program
Total Cost:	\$1,695,000.00
Total Eligible Cost:	\$1,695,000.00
Ecology Share:	\$1,494,981.00
Recipient Share:	\$200,019.00
The Effective Date of this Agreement is:	07/01/2014
The Expiration Date of this Agreement is no later than	06/30/2017
Project Type:	On-Site Sewage System

Project Short Description:

This project is the work of a 4-county partnership that will contract with a third party lender (Lender) to offer financial assistance via inclusive, affordable, "Clean Water" loans to property owners to repair or replace failing On-Site Septic Systems (OSS) in Clallam, Jefferson, Kitsap, and Mason Counties. The loans will reduce financial barriers to compliance, and contribute to improved water quality benefitting public health, local water quality, and shellfish harvesting areas.

Project Long Description:

This project will continue the existing Craft3 Clean Water (Septic) Loan Program by expanding the available loan capital and improving the outreach capabilities of participating Local Health Jurisdiction (LHJ) partners. The LHJ partners will contract with a third party lender, selected through an competitive process, to provide loans to property owners. Public grant funds will be matched with State Revolving Fund (SRF) and/or private dollars (at minimum 1:1). The Lender is additionally responsible for maintaining its own Loan Loss Reserve, which may be used to replenish the Loan Fund in event of defaults. The project budget is mostly dedicated to capitalizing the loan fund. A:

small portion of grant funds is set aside to help the participating LHH's improve their outreach and awareness building activities in their counties. A minimum of 96 Loans treating 12 million gallons of wastewater will directly result from this effort.

The Septic Loan Program provides financial assistance via highly-affordable loans to cover 100 percent of all costs associated with the design, permitting, and installation of an approved OSS repair or replacement. In certain areas, loans may also cover the cost of municipal sewer connection. The loan program was expanded to Clallam County in 2011, to serve Dungeness bay and has since expanded county-wide.

Loans will be structured to provide inclusive credit and meet the needs of property owners and OSS contractors. Rates and repayment structure will include reduced rates and deferred payment options for borrowers with lower household incomes. To support compliance and ensure the ongoing water quality, health, and property value benefits, the Lender will also include a reserve of up to \$1,750 for each loan for ongoing inspections, operation and maintenance, and minor repairs.

Roles: Each LHH leads compliance, inspections, permitting, contractor certification, and outreach. The Lender provides loan and fund management—applications, underwriting, servicing, credit policy, risk management, loan loss reserve, consumer lending licensing, raising matching funds, and marketing. An Advisory Board (AB) comprised of participating LHH representatives and the Lender provides program management and oversight

Overall Goal:

The overall goal of the program is to restore and protect water quality in the regions streams, salt water and lakes. This will lead to an increase in tidelands available for commercial and recreational shellfish harvest, and will provide healthier waters for swimming and other recreational activities. Additionally, since the program is designed to help people in need, the program will help prevent people from potentially losing their homes to foreclosure, or having to move out because they can't afford repairs.

Agreement No: WQC-2015-KiPHD-00157
 Project Title: Regional Clean Water Revolving Loan Program
 Recipient Name: KITSAP PUBLIC HEALTH DISTRICT

RECIPIENT INFORMATION

Organization Name: KITSAP PUBLIC HEALTH DISTRICT

Federal Tax ID: 42-1689063
 DUNS Number: 169167202

Mailing Address: 345 6th St. Suite 300
 Bremerton, Washington, 98337

Physical Address: Norm Dicks Government Center
 345 6th Street

Contacts

<p>Project Manager</p>	<p>Stuart Whitford Manager - Water PIC</p> <p>345 6th Street, Suite 300 Bremerton, Washington, 98337 Email: stuart.whitford@kitsappublichealth.org Phone: (360) 337-5674</p>
<p>Billing Contact</p>	<p>Kelly Evans Accounting Assistant</p> <p>345 - 6th Street Suite 300 Bremerton, Washington, 98337 Email: kelly.evans@kitsappublichealth.org Phone: (360) 337-5272</p>
<p>Authorized Signatory</p>	<p>Scott Daniels Administrator</p> <p>345 6th Street, Suite 300 Bremerton, Washington, 98337 Email: scott.daniels@kitsappublichealth.org Phone: (360) 337-5287</p>

Agreement No: WQC-2015-KitPHD-00157
Project Title: Regional Clean Water Revolving Loan Program
Recipient Name: KITSAP PUBLIC HEALTH DISTRICT

ECOLOGY INFORMATION

Mailing Address: Department of Ecology
Water Quality
PO BOX 47600
Olympia, WA 98504-7600

Physical Address: Water Quality
300 Desmond Drive
Lacey, WA 98503

Contacts

Project Manager	Melanie Tyler P.O. Box 47600 Olympia, Washington, 98504-7600 Email: mety461@ecy.wa.gov Phone: (360) 407-7489
Financial Manager	Melanie Tyler P.O. Box 47600 Olympia, Washington, 98504-7600 Email: mety461@ecy.wa.gov Phone: (360) 407-7489

Agreement No:
Project Title:
Recipient Name:

WQC-2015-KitPHD-00157
Regional Clean Water Revolving Loan Program
KITSAP PUBLIC HEALTH DISTRICT

Board of County Commissioners, Kitsap County, WA

Edward E. Wolfe 2/1/16
EDWARD E. WOLFE, Chair Date

Board of County Commissioners, Kitsap County, WA

Charlotte Garrido 2/1/16
CHARLOTTE GARRIDO, Commissioner Date



Board of County Commissioners, Kitsap County, WA

Robert Gelder 2/1/16
ROBERT GELDER, Commissioner Date

Attest

Dana Daniels 2/1/16
Dana Daniels, Clerk of the Board Date

RECIPIENT agrees to furnish the necessary personnel, equipment, materials, services, and otherwise do all things necessary for or incidental to the performance of work as set forth in the Scope of Work.

RECIPIENT agrees to read, understand, and accept all information contained within this entire Agreement. Furthermore, RECIPIENT acknowledges that they have reviewed the terms and conditions of this Agreement, Scope of Work, attachments, all incorporated or referenced documents, as well as, all applicable laws, statutes, rules, regulations, and guidelines mentioned in this Agreement.

This Agreement contains the entire understanding between the parties, and there are no other understandings or representations other than as set forth, or incorporated by reference, herein.

This Agreement shall be subject to the written approval of Ecology's authorized representative and shall not be binding until so approved.

The signatories to this Agreement represent that they have the authority to execute this Agreement.

IN WITNESS WHEREOF, the parties hereby sign this Agreement

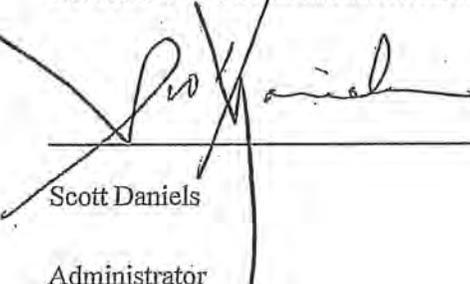
Washington State
Department of Ecology

KITSAP PUBLIC HEALTH DISTRICT



Program Manager

Date



Scott Daniels

Date

Administrator

Heather Bartlett

Water Quality

Agreement No: WQC-2015-KitPHD-00157
 Project Title: Regional Clean Water Revolving Loan Program
 Recipient Name: KITSAP PUBLIC HEALTH DISTRICT

SCOPE OF WORK

Task Number: 1 Task Cost: \$12,500.00

Task Title: Project Administration/Management

Task Description:

A. The RECIPIENT will administer the project. Responsibilities will include, but not be limited to: maintenance of project records; submittal of requests for reimbursement and corresponding backup documentation, progress reports and recipient closeout report (including photos); compliance with applicable procurement, contracting, and interlocal agreement requirements; application for, receipt of, and compliance with all required permits, licenses, easements, or property rights necessary for the project; and submittal of required performance items.

3. The RECIPIENT must manage the project. Efforts will include: conducting, coordinating, and scheduling project activities and assuring quality control. Every effort will be made to maintain effective communication with the RECIPIENT's designees; ECOLOGY; all affected local, state, or federal jurisdictions; and any interested individuals or groups. The RECIPIENT must carry out this project in accordance with any completion dates outlined in this agreement.

Task Goal Statement:

Properly managed project that meets agreement and Ecology administrative requirements.

Task Expected Outcome:

Timely and complete submittal of requests for reimbursement, quarterly progress reports and recipient closeout report.
 Properly maintained project documentation

Recipient Task Coordinator: Stuart Whitford

Project Administration/Management

Deliverables

Number	Description	Due Date
1.1	Progress Reports	06/30/2017
1.2	Recipient Closeout Report	06/30/2017
1.3	Project Outcome Summary Report	06/30/2017

SCOPE OF WORK

Task Number: 2 Task Cost: \$12,500.00

Task Title: Loan Program Administration

Task Description:

- A. The RECIPIENT will officially administer the loan fund, approve/deny loan applications, and establish and document the repayment criteria in accordance with the Clean Water Loan guidelines, the program's governing loan policy document.
- B. The RECIPIENT will submit to ECOLOGY for its approval an implementation plan and schedule for the project. The plan and schedule will include local loan fund program processes and procedures, milestone dates for loan marketing activities, numbers of loan applications and closures, disbursement, application criteria and deadlines, and other loan program information. The RECIPIENT or its designees will also submit to ECOLOGY, upon request, redacted copies of Clean Water Loan documents.
- C. The RECIPIENT will support outreach and advertisement of the availability of affordable loans by developing and printing collateral materials (e.g. brochures), managing a website to provide loan information, conducting outreach to county-certified OSS contractors, participation in local outreach activities, where relevant, and providing other support to local health jurisdiction representatives' outreach efforts.
- D. Ecology understands and accepts that Kitsap County and the RECIPIENT have no authority or jurisdiction over performance of the Project in other counties, thus Kitsap County and the RECIPIENT's role in the Agreement are as administrators of the Project for a 4-county partnership (Clallam, Jefferson, Kitsap, and Mason Counties) pursuant to RCW 39.34.030.

Implementation of the Project and disbursement of funds shall not occur unless and until execution of an interlocal agreement by and between the RECIPIENT and Clallam, Jefferson, Kitsap, and Mason Counties pursuant to chapter 39.34 RCW. This agreement will establish a 4-county partnership to contract with a third party lender (Craft 3) to offer financial assistance for "Clean Water" loans to property owners to repair or replace failing onsite sewage systems (OSS) in Clallam, Jefferson, Kitsap, and Mason Counties. Kitsap County and the RECIPIENT's signatures to the agreement with Ecology signifies that, upon execution of an interlocal agreement establishing the 4-county partnership, Kitsap County and the RECIPIENT, as administrators of the Project for the 4-county partnership, assume liability and all obligations for repayment of the State Revolving Fund loan portion of the Agreement with Ecology.

Task Goal Statement:

Effective management and growth of the revolving loan fund by minimizing risk, maximizing water quality and public health benefits, in adherence with state and local consumer lending regulations. The Lender will maintain loan portfolio health using servicing and credit risk management practices to ensure that funds will be repaid and re-loaned. Partners will be supported with marketing materials and outreach tools to drive loan production.

Task Expected Outcome:

- Administration of the loan fund and management of loan guidelines and credit risk management policies and procedures in accordance with relevant consumer lending regulations.
- Submittal of an implementation plan and schedule.
- Creation of loan marketing materials and distribution to partners.

Recipient Task Coordinator: Lender

Loan Program Administration

Deliverables

Number	Description	Due Date
2.1	Request for Proposal for participating Lender	06/30/2017
2.2	Contract with participating Lender	06/30/2017
2.3	Implementation plan and schedule	06/30/2017
2.4	Marketing materials	06/30/2017

SCOPE OF WORK

Task Number: 3 Task Cost: \$1,610,000.00

Task Title: Financial Assistance to Homeowners

Task Description:

A. The RECIPIENT or its designees will provide loans to private entities to repair or replace failing on-site sewage systems. The RECIPIENT or its designees will fulfill ECOLOGY match requirements through the use of SRF and/or private dollars to fund individual on-site septic system repairs or replacements or connection to municipal sewer lines, upon approval by the Local Health Jurisdiction. Loan interest rates and terms will be based on a predetermined scale depending on the financial capability of the property owner.

3. Small Commercial On-Site Sewage System Repair and Replacement. The RECIPIENT may provide loans to eligible small commercial enterprises for repair or replacement of on-site sewage systems. The definition of "small commercial" requires that the average daily flows from any one single business cannot exceed 3,500 gallons per day. These enterprises may include public lodging (including motels, hotels, and bed and breakfast establishments), rentals apartments, duplexes, or houses), small restaurants, stores, or taverns.

Task Goal Statement:

The SRF loan will continue to expand and advance towards the long-term goal of self-sufficiency. Property owners needing financial assistance to repair or replace their septic systems and fund ongoing O&M or connect to municipal sewer systems (when approved by the county), will gain access to inclusive credit.

Task Expected Outcome:

A minimum of 96 loans will be originated resulting in a minimum of 96 repaired/replaced septic systems.

Recipient Task Coordinator: Lender

Financial Assistance to Homeowners

Deliverables

Number	Description	Due Date
3.1	Documentation of 96 Clean Water Loans	06/30/2017
3.2	Quarterly reporting on loan production, including overall LLR Status	06/30/2017

Agreement No: WQC-2015-KitPHD-00157
 Project Title: Regional Clean Water Revolving Loan Program
 Recipient Name: KITSAP PUBLIC HEALTH DISTRICT

SCOPE OF WORK

Task Number: 4 Task Cost: \$60,000.00

Task Title: Outreach and Education

Task Description:

A. The RECIPIENT or its designees will support efforts to identify and pursue enforcement of failing septic systems by leading Clean Water loan outreach efforts to reduce the financial barriers to addressing failing septic systems. Activities will include, but are not limited to, mailings, newsletter announcements, convening septic educational classes, local media stories and advertisements, coordination with local community partners, OSS contractors, and Pollution Identification and Correction efforts.

Task Goal Statement:

Maintain and expand awareness of the Clean Water Loan with an emphasis on building awareness amongst financially distressed homeowners with failing septic systems.

Task Expected Outcome:

- Finalize marketing plan.
- Advertisement of the loan program – low-income residents, OSS contractors, real estate professionals, general public awareness of Clean Water Loan resulting in submission of Clean Water loan applications.

Recipient Task Coordinator: Stuart Whitford

Outreach and Education

Deliverables

Number	Description	Due Date
4.1	Marketing strategy	06/30/2017
4.2	Quarterly reporting on key outreach activities	06/30/2017

Agreement No: WQC-2015-KiPHD-00157
 Project Title: Regional Clean Water Revolving Loan Program
 Recipient Name: KITSAP PUBLIC HEALTH DISTRICT

BUDGET

Funding Distribution EG150035

Funding Title: Centennial Grant without match
 Funding Type: Grant Funding Expiration Date: 06/30/2017
 Funding Effective Date: 07/01/2014
 Funding Source:

Title: Centennial - SFY15
 Type: State
 CFDA:

Assistance Agreement:

Description: The Centennial Clean Water Program provides grants for nonpoint source pollution control activity projects and wastewater facility construction projects in smaller, financially distressed communities.

Recipient Match %: 0
 Interlocal Allowed: No
 Other Allowed: No
 Is this Funding Distribution used to match a federal grant? No

Centennial Grant without match	Task Total
Project Administration/Management	\$ 12,500.00
Loan Program Administration	\$ 12,500.00
Outreach and Education	\$ 60,000.00
Total:	\$ 85,000.00

Agreement No: WQC-2015-KitPHD-00157
 Project Title: Regional Clean Water Revolving Loan Program
 Recipient Name: KITSAP PUBLIC HEALTH DISTRICT

BUDGET

Funding Distribution EG150036

Funding Title: Centennial Grant with Match
 Funding Type: Grant Funding Expiration Date: 06/30/2017
 Funding Effective Date: 07/01/2014
 Funding Source:

Title: Centennial - SFY15
 Type: State
 CFDA:

Assistance Agreement:

Description: The Centennial Clean Water Program provides grants for nonpoint source pollution control activity projects and wastewater facility construction projects in smaller, financially distressed communities.

Recipient Match %: 32.79
 Kind Interlocal Allowed: Yes
 Kind Other Allowed: No
 Is this Funding Distribution used to match a federal grant? No

Centennial Grant with Match	Task Total
Financial Assistance to Homeowners	\$ 610,000.00
Total:	\$ 610,000.00

BUDGET

Funding Distribution EL150037

Funding Title: State Revolving Fund
 Funding Type: Loan Funding Expiration Date: 06/30/2017
 Funding Effective Date: 07/01/2014
 Funding Source:

Title: CWSRF - SFY15
 Type: Federal
 CFDA: 66.458

Assistance Agreement:

Description: Clean Water State Revolving Fund-This grant will provide additional capital for Washington's Water Pollution Control Revolving Fund. This capital will be used to offer low interest loans to projects that will address the state's high priority water quality needs. The projects receiving financial assistance will generally protect and restore water quality and aquatic habitat.

Recipient Match %: 0
 nKind Interlocal Allowed: No
 nKind Other Allowed: No

s this Funding Distribution used to match a federal grant? No

ffective Interest Rate: 1.4% Interest Rate: 0.4% Admin Charge: 1%

erms: 5 years

roject Start Date: 07/01/2014 Project Completion Date: 06/30/2017

stimated Initiation of Operation date:

oan Security: General Obligation Debt of the Recipient or the state of Washington

inal Accrued Interest: \$

inal Loan Amount: \$

epayment Schedule Number: 2056

State Revolving Fund	Task Total
Financial Assistance to Homeowners	\$ 1,000,000.00

Total: \$ 1,000,000.00

Funding Distribution Summary

Recipient / Ecology Share

Funding Distribution Name	Recipient Match %	Recipient Share	Ecology Share	Total
Centennial Grant with Match	32.79 %	\$ 200,019.00	\$ 409,981.00	\$ 610,000.00
Centennial Grant without match	0.00 %	\$ 0.00	\$ 85,000.00	\$ 85,000.00
State Revolving Fund	0.00 %	\$ 0.00	\$ 1,000,000.00	\$ 1,000,000.00
Total		\$ 200,019.00	\$ 1,494,981.00	\$ 1,695,000.00

AGREEMENT SPECIFIC TERMS AND CONDITIONS

N/A

SPECIAL TERMS AND CONDITIONS

SECTION 1: DEFINITIONS

Unless otherwise provided, the following terms will have the respective meanings for all purposes of this agreement:

“Administration Charge” means a charge established in accordance with Chapter 90.50A RCW and Chapter 173-98 WAC, to be used to pay Ecology’s cost to administer the State Revolving Fund by placing a percentage of the interest earned in an Administrative Charge Account.

“Administrative Requirements” means the effective edition of ECOLOGY's ADMINISTRATIVE REQUIREMENTS FOR RECIPIENTS OF ECOLOGY GRANTS AND LOANS at the signing of this agreement.

“Annual Debt Service” for any calendar year means for any applicable bonds or loans including the loan, all interest plus all principal due on such bonds or loans in such year.

“Average Annual Debt Service” means, at the time of calculation, the sum of the Annual Debt Service for the remaining years of the loan to the last scheduled maturity of the loan divided by the number of those years.

“Centennial Clean Water Program” means the state program funded from various state sources.

“Contract Documents” means the contract between the RECIPIENT and the construction contractor for construction of the project.

“Cost Effective Analysis” means a comparison of the relative cost-efficiencies of two or more potential ways of solving a water quality problem as described in Chapter 173-98-730 WAC.

“Defeasement” or “Defeasance” means the setting aside in escrow or other special fund or account of sufficient investments and money dedicated to pay all principal of and interest on all or a portion of an obligation as it comes due.

“Ecology Administration of Grants and Loans” or “EAGL” means the electronic system Ecology uses to manage grants

and loans.

“Effective Date” means the earliest date on which eligible costs may be incurred.

“Effective Interest Rate” means the total interest rate established by Ecology that includes the Administrative Charge.

“Estimated Loan Amount” means the initial amount of funds loaned to the RECIPIENT.

“Estimated Loan Repayment Schedule” means the schedule of loan repayments over the term of the loan based on the Estimated Loan Amount.

“Equivalency” means projects designated by ECOLOGY to meet additional federal requirements.

“Final Accrued Interest” means the interest accrued beginning with the first disbursement of funds to the RECIPIENT through such time as the loan is officially closed out and a final loan repayment schedule is issued.

“Final Loan Amount” means all principal of and interest on the loan from the Project Start Date through the Project Completion Date.

“Final Loan Repayment Schedule” means the schedule of loan repayments over the term of the loan based on the Final Loan Amount.

“Forgivable Principal” means the portion of a loan that is not required to be paid back by the borrower.

“General Obligation Debt” means an obligation of the RECIPIENT secured by annual ad valorem taxes levied by the RECIPIENT and by the full faith, credit, and resources of the RECIPIENT.

“General Obligation Payable from Special Assessments Debt” means an obligation of the RECIPIENT secured by a valid general obligation of the Recipient payable from special assessments to be imposed within the constitutional and statutory tax limitations provided by law without a vote of the electors of the RECIPIENT on all of the taxable property within the boundaries of the RECIPIENT.

“Gross Revenue” means all of the earnings and revenues received by the RECIPIENT from the maintenance and operation of the Utility and all earnings from the investment of money on deposit in the Loan Fund, except (i) Utility Local Improvement Districts (ULID) Assessments, (ii) government grants, (iii) RECIPIENT taxes, (iv) principal proceeds of bonds and other obligations, or (v) earnings or proceeds (A) from any investments in a trust, Defeasance, or escrow fund created to Defeasance or refund Utility obligations or (B) in an obligation redemption fund or account other than the Loan Fund until commingled with other earnings and revenues of the Utility or (C) held in a special account for the purpose of paying a rebate to the United States Government under the Internal Revenue Code.

“Guidelines” means the ECOLOGY's Funding Guidelines that that correlate to the State Fiscal Year in which the project is funded.

“Initiation of Operation Date” means the actual date the Water Pollution Control Facility financed with proceeds of the loan begins to operate for its intended purpose.

“Loan” means the Washington State Water Pollution Control Revolving Fund Loan or Centennial Clean Water Fund Centennial Loan made pursuant to this loan agreement.

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“Loan Amount” means either an Estimated Loan Amount or a Final Loan Amount, as applicable.

“Loan Fund” means the special fund of that name created by ordinance or resolution of the RECIPIENT for the repayment of the principal of and interest on the loan.

“Loan Security” means the mechanism by which the RECIPIENT pledges to repay the loan.

“Loan Term” means the repayment period of the loan.

“Maintenance and Operation Expense” means all reasonable expenses incurred by the RECIPIENT in causing the Utility to be operated and maintained in good repair, working order, and condition including payments to other parties, but will not include any depreciation or RECIPIENT levied taxes or payments to the RECIPIENT in lieu of taxes.

“Net Revenue” means the Gross Revenue less the Maintenance and Operation Expense.

“Original Engineer’s Estimate” means the engineer’s estimate of construction costs included with bid documents.

“Principal and Interest Account” means, for a loan that constitutes Revenue-Secured Debt, the account of that name created in the loan fund to be first used to repay the principal of and interest on the loan.

“Project” means the project described in this agreement.

“Project Completion Date” means the date specified in the agreement on which the Scope of Work will be fully completed.

“Project Schedule” means that schedule for the project specified in the agreement.

“Reserve Account” means, for a loan that constitutes Revenue-Secured Debt, the account of that name created in the loan fund to secure the payment of the principal of and interest on the loan.

“Revenue-Secured Debt” means an obligation of the RECIPIENT secured by a pledge of the revenue of a utility and one not a general obligation of the RECIPIENT.

“Risk-Based Determination” means an approach to sub-recipient monitoring and oversight based on risk factors associated to a RECIPIENT or project.

“Scope of Work” means the tasks and activities constituting the project.

“Section 319” means the section of the Clean Water Act that provides funding to address nonpoint sources of water pollution.

“Senior Lien Obligations” means all revenue bonds and other obligations of the RECIPIENT outstanding on the date of execution of this loan agreement (or subsequently issued on a parity therewith, including refunding obligations) or issued after the date of execution of this loan agreement having a claim or lien on the Gross Revenue of the Utility prior and superior to the claim or lien of the loan, subject only to Maintenance and Operation Expense.

“State Water Pollution Control Revolving Fund (Revolving Fund)” means the water pollution control revolving fund established by Chapter 90.50A.020 RCW.

“Termination Date” means the effective date of ECOLOGY’s termination of the agreement.

“Termination Payment Date” means the date on which the RECIPIENT is required to repay to ECOLOGY any outstanding balance of the loan and all accrued interest.

“Total Eligible Project Cost” means the sum of all costs associated with a water quality project that have been determined to be eligible for ECOLOGY grant or loan funding.

“Total Project Cost” means the sum of all costs associated with a water quality project, including costs that are not eligible for ECOLOGY grant or loan funding.

“ULID” means any utility local improvement district of the RECIPIENT created for the acquisition or construction of additions to and extensions and betterments of the Utility.

“ULID Assessments” means all assessments levied and collected in any ULID. Such assessments are pledged to be paid into the Loan Fund (less any prepaid assessments permitted by law to be paid into a construction fund or account). ULID Assessments shall include principal installments and any interest or penalties which may be due.

“Utility” means the sewer system, stormwater system, or the combined water and sewer system of the RECIPIENT, the Net Revenue of which is pledged to pay and secure the loan.

SECTION 2: THE FOLLOWING CONDITIONS APPLY TO ALL RECIPIENTS OF WATER QUALITY COMBINED FINANCIAL ASSISTANCE FUNDING.

The Water Quality Financial Assistance Funding Guidelines are included in this agreement by reference.

A. Architectural and Engineering Services: The RECIPIENT certifies by signing this agreement that the requirements of Chapter 39.80 RCW, “Contracts for Architectural and Engineering Services,” have been, or shall be, met in procuring qualified architectural/engineering services. The RECIPIENT shall identify and separate eligible and ineligible costs in the final negotiated agreement and submit a copy of the agreement to ECOLOGY.

B. Best Management Practices (BMP) Implementation: If the RECIPIENT installs BMPs that are not approved by ECOLOGY prior to installation, the RECIPIENT assumes the risk that part or all of the reimbursement for that activity may be delayed or ineligible. For more details regarding BMP Implementation, please reference the Water Quality Financial Assistance Funding Guidelines available on ECOLOGY’s Water Quality Program funding website.

C. Cultural and Historic Resources Protection Compliance with Environmental Laws and Regulations. The RECIPIENT shall:

1) The RECIPIENT shall comply with all applicable federal, state and local environmental laws, statutes, regulations, executive orders, and permits.

2) The RECIPIENT shall comply with Ecology’s Archaeological Resource and Historic Property review process. The RECIPIENT agrees that in no case shall construction activities, ground disturbance, or excavation of any kind, begin until provisions of this process are complied with. The RECIPIENT is responsible for developing a complete inadvertent Discovery Plan (IDP). The IDP must be immediately available by request by any party. An IDP must be immediately available and be implemented to address any discovery. The RECIPIENT shall implement the procedures in the IDP, and immediately notify ECOLOGY, the Department of Archeology and Historic Preservation (DAHP), and tribal representatives if human remains, cultural, or archeological resources are discovered in the course of construction.

For more details regarding requirements under this provision, please reference the Water Quality Financial Assistance Funding Guidelines available on ECOLOGY's Water Quality Program funding website.

D. Electronic Fund Transfers: The RECIPIENT must register as a statewide vendor in order to receive payment reimbursement. Washington State's Department of Enterprise Services (DES) issues all payments. DES maintains a central vendor file for Washington State agency use to process vendor payments. The RECIPIENT can complete the registration process online at <http://des.wa.gov/services/ContractingPurchasing/Business/VendorPay/Pages/default.aspx>. This registration process also allows The RECIPIENT to sign up for direct deposit payments, also known as electronic fund transfers (EFT). If The RECIPIENT have questions about the vendor registration process or setting up direct deposit payments contact DES at the Payee Help Desk at (360) 664-7779 or payeehelpdesk@des.wa.gov.

E. Equipment Purchase: Equipment not included in the scope of work or a construction plan and specification approval must be pre-approved by ECOLOGY's project manager before purchase.

F. Funding Recognition: The RECIPIENT must inform the public about ECOLOGY or any EPA (see Section 3 for Section 319 funded projects or 7 for SRF funded projects) funding participation in this project through the use of project signs, acknowledgement in published materials, reports, the news media, websites, or other public announcements. Projects addressing site-specific locations must utilize appropriately sized and weather-resistant signs. Sign logos are available from ECOLOGY upon request.

G. Growth Management Planning: The RECIPIENT certifies by signing this agreement that it is in compliance with the requirements of Chapter 36.70A RCW, "Growth Management Planning by Selected Counties and Cities." If the status of compliance changes, either through RECIPIENT or legislative action, the RECIPIENT shall notify ECOLOGY in writing of this change within 30 days.

H. Interlocal: The RECIPIENT certifies by signing this agreement that all negotiated interlocal agreements necessary for the project are, or shall be, consistent with the terms of this agreement and Chapter 39.34 RCW, "Interlocal Cooperation Act." The RECIPIENT shall submit a copy of each interlocal agreement necessary for the project to ECOLOGY.

I. Lobbying and Litigation: Costs incurred for the purposes of lobbying or litigation are not eligible for funding under his agreement.

J. Post Project Assessment Survey: The RECIPIENT agrees to participate in a brief survey regarding the key project results or water quality project outcomes and the status of long-term environmental results or goals from the project approximately three years after project completion. A representative from ECOLOGY's Water Quality Program may contact the RECIPIENT to request this data. ECOLOGY may also conduct site interviews and inspections, and may otherwise evaluate the project, as part of this assessment.

K. Project Status Evaluation: ECOLOGY may evaluate the status of this project 18 months from the effective date of this agreement. ECOLOGY's Project Manager and Financial Manager will meet with the RECIPIENT to review pending trends, completion of outcome measures, and overall project administration and performance. If the RECIPIENT fails to make satisfactory progress toward achieving project outcomes, ECOLOGY may change the scope of work, reduce grant funds, or increase oversight measures.

L. Technical Assistance: Technical assistance for agriculture activities provided under the terms of this agreement shall be consistent with the current U.S. Natural Resource Conservation Service ("NRCS") Field Office Technical Guide for Washington State. However, ECOLOGY may accept as eligible technical assistance, proposed practices, or project designs that do not meet these standards if approved in writing by the NRCS and ECOLOGY.

SECTION 3: THE FOLLOWING CONDITIONS APPLY TO SECTION 319 AND ONLY CENTENNIAL CLEAN WATER FUNDED PROJECTS BEING USED TO MATCH SECTION 319 FUNDS.

The RECIPIENT must submit the following documents to ECOLOGY before this agreement is signed by ECOLOGY:

1. Federal Funding Accountability and Transparency Act (FFATA) Form, available on the Water Quality Program website.
2. Clean Water Act Section 319 Initial Data Reporting Sheet or the "Section 319 Initial Data Reporting" form in EAGL.

A. Data Reporting: The RECIPIENT must complete and submit the "Clean Water Act Section 319 Initial Data Reporting Sheet" form in EAGL prior to Ecology signing the agreement.

B. Load Reduction Reporting: The RECIPIENT shall complete the "Section 319 Annual Load Reduction Reporting" form in EAGL by January 15 of each year and at project close-out. ECOLOGY may hold reimbursements until the RECIPIENT has completed the form. This form is used to gather information on pollutant load reduction for each best management practice (BMP) installed as a part of this project.

C. Time Extension: The RECIPIENT may request a one-time extension for up to 12 months. However, the time extension cannot exceed the time limitation established in EPA's assistance agreement. In the event a time extension is requested and approved by ECOLOGY, the RECIPIENT must complete all eligible work performed under this agreement by the expiration date.

SECTION 4: THE FOLLOWING CONDITIONS APPLY TO SECTION 319 AND STATE REVOLVING FUND (SRF) LOAN FUNDED PROJECTS ONLY.

A. Audit Requirements: In accordance with 2 CFR 200.501(a), the RECIPIENT agrees to obtain a single audit from an independent auditor, if their organization expends \$750,000 or more in total Federal funds in their fiscal year. The RECIPIENT must submit the form SF-SAC and a Single Audit Report Package within 9 months of the end of the fiscal year or 30 days after receiving the report from an independent auditor. The SF-SAC and a Single Audit Report Package MUST be submitted using the Federal Audit Clearinghouse's Internet Data Entry System available at: <https://harvester.census.gov/fac/collect/ddeindex.html>. For complete information on how to accomplish the single audit submissions, go to the Federal Audit Clearinghouse Web site: <http://harvester.census.gov/fac/>.

B. Archaeological Resources and Historic Properties (Section 106): See Section 2.C of the terms and conditions of this agreement, the RECIPIENT shall comply with the additional requirements under section 106 of the National Historic Preservation Act (NHPA, 36 CFR 800)

C. Consultant Cap: The RECIPIENT shall ensure that grant or loan funds provided under this agreement to be used to reimburse for costs incurred by individual consultants (excluding overhead) is limited to the maximum daily rate for Level IV of the Executive Schedule (formerly GS-18), to be adjusted annually. This limit applies to consultation services of designated individuals with specialized skills who are paid at a daily or hourly rate. This rate does not include transportation and subsistence costs for travel performed. Contracts for services awarded using the procurement requirements in 40 CFR Parts 30 or 31, as applicable, are not affected by this limitation unless the terms of the contract provide the RECIPIENT with responsibility for the selection, direction, and control of the individuals who shall be providing services under the contract at an hourly or daily rate of compensation. See 40 CFR 30.27(b) or 40 CFR 31.36(j) for additional information.

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D. Data Universal Numbering System (DUNS) and Central Contractor Registration (CCR) Requirements: RECIPIENTS shall have a DUNS number. Unless exempted from this requirement under 2 CFR 25.110, the RECIPIENT must ensure that the organization's information in the System for Award Management (SAM), <https://www.sam.gov>, is kept current through project closeout. This requires that the RECIPIENT reviews and updates the information at least annually after the initial registration, and more frequently if information changes.

E. Disadvantaged Business Enterprise (DBE): General Compliance, 40 CFR, Part 33. The RECIPIENT agrees to comply with the requirements of the Environmental Protection Agency's Program for Utilization of Small, Minority, and Women's Business Enterprises (MBE/WBE) 40CFR, Part 33 in procurement under this agreement.

Non-discrimination Provision. The RECIPIENT shall not discriminate on the basis of race, color, national origin or sex in the performance of this agreement. The RECIPIENT shall carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the RECIPIENT to carry out these requirements is a material breach of this agreement which may result in the termination of this contract or other legally available remedies.

The RECIPIENT shall comply with all federal and state nondiscrimination laws, including, but not limited to Title VI and VII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and Chapter 49.60 RCW, Washington's Law Against Discrimination, and 42 U.S.C. 12101 et seq, the Americans with Disabilities Act (ADA).

In the event of the RECIPIENT's noncompliance or refusal to comply with any applicable nondiscrimination law, regulation, or policy, this agreement may be rescinded, canceled, or terminated in whole or in part, and the RECIPIENT may be declared ineligible for further funding from ECOLOGY. The RECIPIENT shall, however, be given a reasonable time in which to cure this noncompliance.

Six Good Faith Efforts, 40 CFR, Part 33, Subpart C. The RECIPIENT agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under this agreement. Records documenting compliance with the following six good faith efforts shall be retained:

1) Ensure Disadvantaged Business Enterprises are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and Government RECIPIENTS, this shall include placing Disadvantaged Business Enterprises on solicitation lists and soliciting them whenever they are potential sources.

2) Make information on forthcoming opportunities available to Disadvantaged Business Enterprises and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by Disadvantaged Business Enterprises in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of thirty (30) calendar days before the bid or proposal closing date.

3) Consider in the contracting process whether firms competing for large contracts could subcontract with Disadvantaged Business Enterprises. For Indian Tribal, State and Local Government RECIPIENTS, this shall include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by Disadvantaged Business Enterprises in the competitive process.

4) Encourage contracting with a consortium of Disadvantaged Business Enterprises when a contract is too large for one of these firms to handle individually.

5) Use services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.

6) If the prime contractor awards subcontracts, require the prime contractor to take the five good faith efforts steps in paragraphs 1 through 5 above.

The RECIPIENT also agrees to submit ECOLOGY's MBE/WBE participation report "Form D" with each payment request.

Contract Administration Provisions, 40 CFR, Section 33.302. The RECIPIENT agrees to comply with the contract administration provisions of 40 CFR, Section 33.302.

The RECIPIENT shall include the following terms and conditions in contracts with all contractors, subcontractors, engineers, vendors, and any other entity for work or services pertaining to this agreement.

"The Contractor will not discriminate on the basis of race, color, national origin or sex in the performance of this Contract. The Contractor will carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under Environmental Protection Agency financial agreements. Failure by the Contractor to carry out these requirements is a material breach of this Contract which may result in termination of this Contract or other legally available remedies."

Bidder List, 40 CFR, Section 33.501(b) and (c). The RECIPIENT agrees to create and maintain a bidders list. The bidders list shall include the following information for all firms that bid or quote on prime contracts, or bid or quote subcontracts, including both MBE/WBEs and non-MBE/WBEs.

1. Entity's name with point of contact
2. Entity's mailing address, telephone number, and e-mail address
3. The procurement on which the entity bid or quoted, and when
4. Entity's status as an MBE/WBE or non-MBE/WBE

F. Funding Recognition and Outreach: In addition to Section 2.F of these Terms and Conditions, the RECIPIENT shall provide signage that informs the public that the project is funded by EPA. The signage shall contain the EPA logo and follow usage requirements available at <http://www2.epa.gov/stylebook/using-epa-seal-and-logo>. To obtain the appropriate EPA logo or seal graphic file, the RECIPIENT may send a request to their Ecology's Financial Manager.

To increase public awareness of projects serving communities where English is not the predominant language, RECIPIENTS are encouraged to provide their outreach strategies communication in non-English languages. Translation costs for this purpose are allowable, provided the costs are reasonable.

The RECIPIENT shall use the following paragraph in all reports, documents, and signage developed under this agreement:

"This project has been funded wholly or in part by the United States Environmental Protection Agency under an assistance agreement to the Washington State Department of Ecology. The contents of this document do not necessarily reflect the views and policies of the Environmental Protection Agency, nor does the mention of trade names or commercial products constitute endorsement or recommendation for use."

~~3. Hotel-Motel Fire Safety Act: The RECIPIENT shall ensure that all space for conferences, meetings, conventions or training seminars funded in whole or in part with federal funds complies with the protection and control guidelines of~~

the Hotel and Motel Fire Safety Act (15 USC 2225a, PL 101-391, as amended). Recipients may search the Hotel-Motel National Master List at <http://www.usfa.dhs.gov/applications/hotel/> to see if a property is in compliance, or to find other information about the Act. Pursuant to 15 USC 2225a

H. Trafficking In Persons: The RECIPIENT and RECIPIENT employees that are private entities shall not engage in forms of trafficking in persons during the period of time this agreement is effective. This includes, but is not limited to the procurement of a commercial sex act or forced labor. The RECIPIENT shall notify ECOLOGY immediately of any information received from any source alleging a violation under this provision.

SECTION 5: THE FOLLOWING CONDITIONS APPLY TO STATE REVOLVING FUND (SRF) LOAN FUNDED PROJECTS ONLY.

The RECIPIENT must submit the following documents/forms to ECOLOGY before this agreement is signed by ECOLOGY:

1. Opinion of RECIPIENT's Legal Council
2. Authorizing Ordinance or Resolution
3. Federal Funding Accountability and Transparency Act (FFATA) Form
4. State Revolving Fund (SRF) Federal Reporting Information form available in EAGL
5. Fiscal Sustainability Plan Certification (only required if the project includes construction of a wastewater or stormwater facility construction.)

A. Alteration and Eligibility of Project: During the term of this agreement, the RECIPIENT (1) shall not materially alter the design or structural character of the project without the prior written approval of ECOLOGY and (2) shall take no action which would adversely affect the eligibility of the project as defined by applicable funding program rules and state statutes, or which would cause a violation of any covenant, condition, or provision herein.

B. American Iron and Steel (Buy American): This loan provision applies to projects for the construction, alteration, maintenance, or repair of a "treatment works" as defined in the Federal Water Pollution Control Act (33 USC 1381 et seq.) The RECIPIENT shall ensure that all iron and steel products used in the project are produced in the United States. Iron and Steel products means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. The RECIPIENT may request waiver from this requirement from the Administrator of the Environmental Protection Agency. The RECIPIENT must coordinate all waiver requests through ECOLOGY. This provision does not apply if the engineering plans and specifications for the project were approved by ECOLOGY prior to January 17, 2014. ECOLOGY reserves the right to request documentation of RECIPIENT'S compliance with this provision.

C. Authority of RECIPIENT: This agreement is authorized by the Constitution and laws of the state of Washington, including the RECIPIENT's authority, and by the RECIPIENT pursuant to the authorizing ordinance or resolution. The RECIPIENT shall submit a copy of the authorizing ordinance or resolution to the ECOLOGY Financial Manager before his agreement will be signed by ECOLOGY.

D. Fiscal Sustainability Plan Certification: The RECIPIENT shall submit a completed Fiscal Sustainability Plan Certification before this agreement is signed by ECOLOGY. The Fiscal Sustainability Plan Certification is available from the ECOLOGY Financial Manager or on the Water Quality Program website.

E. Free Service: The RECIPIENT shall not furnish utility service to any customer free of charge if providing that free service affects the RECIPIENT's ability to meet the obligations of this agreement.

F. Insurance: The RECIPIENT shall at all times carry fire and extended coverage, public liability and property damage, and such other forms of insurance with responsible insurers and with policies payable to the RECIPIENT on such of the buildings, equipment, works, plants, facilities, and properties of the Utility as are ordinarily carried by municipal or privately-owned utilities engaged in the operation of like systems, and against such claims for damages as are ordinarily carried by municipal or privately-owned utilities engaged in the operation of like systems, or it shall self-insure or participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the RECIPIENT, to protect it against loss.

G. Loan Interest Rate and Terms: This loan agreement shall remain in effect until the date of final repayment of the loan, unless terminated earlier according to the provisions herein.

When the Project Completion Date has occurred, ECOLOGY and the RECIPIENT shall execute an amendment to this loan agreement which details the final loan amount (Final Loan Amount), and ECOLOGY shall prepare a final loan repayment schedule. The Final Loan Amount shall be the combined total of actual disbursements made on the loan 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 based on the interest rate identified in this agreement as the "Effective Interest Rate," per annum, calculated on the basis of a 365 day year. Interest on the Estimated Loan Amount shall accrue from and be compounded monthly based on the date that each payment is mailed to the RECIPIENT. The Final Loan Amount shall be repaid in equal installments semiannually over the term of this loan "Loan Term" as outlined in this agreement.

H. Loan Repayment:

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 shall be absolute and unconditional, and shall not be subject to diminution by setoff, counterclaim, or abatement of any kind. To secure the repayment of the loan from ECOLOGY, the RECIPIENT agrees to comply with all of the covenants, agreements, and attachments contained herein.

2. For General Obligation. This loan is a General Obligation Debt of the RECIPIENT.

3. For General Obligation Payable from Special Assessments. This loan is a General Obligation Debt of the RECIPIENT payable from special assessments to be imposed within the constitutional and statutory tax limitations provided by law without a vote of the electors of the RECIPIENT on all of the taxable property within the boundaries of the RECIPIENT.

4. For 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.

In addition, if this loan is also secured by Utility Local Improvement Districts (ULID) Assessments, this loan shall constitute a lien upon ULID Assessments in the ULID prior and superior to any other charges whatsoever.

Other Sources of Repayment. The RECIPIENT may repay any portion of the loan from any funds legally available to

6. Defeasance of the Loan. So long as ECOLOGY shall hold this loan, the RECIPIENT shall not be entitled to, and shall not affect, an economic Defeasance of the loan. The RECIPIENT shall not advance refund the loan.

If the RECIPIENT defeases or advance refunds the loan, it shall be required to use the proceeds thereof immediately upon their receipt, together with other available RECIPIENT funds, to repay both of the following:

(i) The Loan Amount with interest

(ii) Any other obligations of the RECIPIENT to ECOLOGY under this agreement, unless in its sole discretion ECOLOGY finds that repayment from those additional sources would not be in the public interest.

Failure to repay the Loan Amount plus interest within the time specified in ECOLOGY's notice to make such repayment shall incur Late Charges and shall be treated as a Loan Default.

7. Refinancing or Early Repayment of the Project. So long as ECOLOGY shall hold this loan, the RECIPIENT shall give ECOLOGY thirty days written notice if the RECIPIENT intends to refinance or make early repayment of the loan.

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 shall be due and payable no later than one year after the project completion date or initiation of operation date, whichever comes first.

Thereafter, equal payments shall be due every six months.

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

Payments shall be mailed to:

Department of Ecology
Cashiering Unit
P.O. Box 47611
Olympia WA 98504-7611

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

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

8. Late Charges. If any amount of the Final Loan Amount or any other amount owed to ECOLOGY pursuant to this agreement remains unpaid after it becomes due and payable, ECOLOGY may assess a late charge. The late charge shall be one percent per month on the past due amount starting on the date the debt becomes past due and until it is paid in full.

9. Repayment Limitations. Repayment of the loan is subject to the following additional limitations, among others:

those on defeasance, refinancing and advance refunding, termination, and default and recovery of payments.

4. Prepayment of Loan. So long as ECOLOGY shall hold this loan, the RECIPIENT may prepay the entire unpaid principal balance of and accrued interest on the loan or any portion of the remaining unpaid principal balance of the Loan Amount. Any prepayments on the loan shall be applied first to any accrued interest due and then to the outstanding principal balance of the Loan Amount. If the RECIPIENT elects to prepay the entire remaining unpaid balance and accrued interest, the RECIPIENT shall first contact ECOLOGY's Revenue/Receivable Manager of the Fiscal Office.

I. Loan Security

Due Regard: For loans secured with a Revenue Obligation: The RECIPIENT shall exercise 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, shall be available over and above such Maintenance and Operation Expense and those debt service requirements.

Levy and Collection of Taxes (if used to secure the repayment of the loan): For so long as the loan is outstanding, the RECIPIENT irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of its electors on all of the taxable property within the boundaries of the RECIPIENT in an amount sufficient, together with other money legally available and to be used therefore, to pay when due the principal of and interest on the loan, and the full faith, credit and resources of the RECIPIENT are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Not an Excess Indebtedness: For loans secured with a general obligation pledge or a general obligation pledge on special assessments: The RECIPIENT agrees that this agreement and the loan to be made do not create an indebtedness of the RECIPIENT in excess of any constitutional or statutory limitations.

Pledge of Net Revenue and ULID Assessments in the ULID (if used to secure the repayment of this loan): For so long as the loan is outstanding, the RECIPIENT irrevocably pledges the Net Revenue of the Utility, including applicable ULID Assessments in the ULID, to pay when due the principal of and interest on the loan.

Reserve Requirement: For loans that are Revenue-Secured Debt with terms greater than five years, the RECIPIENT must accumulate a reserve for the loan equivalent to at least the Average Annual Debt Service on the loan during the first five years of the repayment period of the loan. This amount shall be deposited in a Reserve Account in the Loan Fund in approximately equal annual payments commencing within one year after the initiation of operation or the project completion date, whichever comes first.

“Reserve Account” means, for a loan that constitutes Revenue-Secured Debt, an account of that name created in the Loan Fund to secure the payment of the principal and interest on the loan. The amount on deposit in the Reserve Account may be applied by the RECIPIENT (1) to make, in part or in full, the final repayment to ECOLOGY of the loan amount or, (2) if not so applied, for any other lawful purpose of the RECIPIENT once the Loan Amount, plus interest and any other amounts owing to ECOLOGY, have been paid in full.

Utility Local Improvement District (ULID) Assessment Collection (if used to secure the repayment of the loan): All ULID Assessments in the ULID shall be paid into the loan Fund and used to pay the principal of and interest on the loan. The ULID Assessments in the ULID may be deposited into the Reserve Account to satisfy a Reserve Requirement if a Reserve Requirement is applicable.

J. Maintenance and Operation of a Funded Utility: The RECIPIENT shall at all times maintain and keep a funded Utility in good repair, working order and condition and also shall at all times operate the Utility and the business in an efficient manner and at a reasonable cost.

K. Opinion of RECIPIENT's Legal Counsel: The RECIPIENT must submit an "Opinion of Legal Counsel to the RECIPIENT" to ECOLOGY before this agreement will be signed. ECOLOGY will provide the form.

L. Prevailing Wage (Davis-Bacon Act): The RECIPIENT agrees, by signing this agreement, to comply with the Davis-Bacon Act prevailing wage requirements. This applies to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by the State Revolving Fund as authorized by Section 513, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1372). Laborers and mechanics employed by contractors and subcontractors shall be paid wages not less often than once a week and at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor.

The RECIPIENT shall obtain the wage determination for the area in which the project is located prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation). These wage determinations shall be incorporated into solicitations and any subsequent contracts. The RECIPIENT shall ensure that the required EPA contract language regarding Davis-Bacon Wages is in all contracts and sub contracts in excess of \$2,000. The RECIPIENT shall maintain records sufficient to document compliance with the Davis-Bacon Act, and make such records available for review upon request.

The RECIPIENT also agrees, by signing this agreement, to comply with State Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable. Compliance may include the determination whether the project involves "public work" and inclusion of the applicable prevailing wage rates in the bid specifications and contracts. The RECIPIENT agrees to maintain records sufficient to evidence compliance with Chapter 39.12 RCW, and make such records available for review upon request.

M. Litigation; Authority: No litigation is now pending, or to the RECIPIENT's knowledge, threatened, seeking to restrain, or enjoin:

(i) the execution of this agreement; or

(ii) the fixing or collection of the revenues, rates, and charges or the formation of the ULID and the levy and collection of ULID Assessments therein pledged to pay the principal of and interest on the loan (for revenue secured lien obligations); or

(iii) the levy and collection of the taxes pledged to pay the principal of and interest on the loan (for general obligation-secured loans and general obligation payable from special-assessment-secured loans); or

(iv) in any manner questioning the proceedings and authority under which the agreement, the loan, or the project are authorized. Neither the corporate existence or boundaries of the RECIPIENT nor the title of its present officers to their respective offices is being contested. No authority or proceeding for the execution of this agreement has been repealed, evoked, or rescinded.

N. Representations and Warranties: The RECIPIENT represents and warrants to ECOLOGY as follows:

Application: Material Information. All information and materials submitted by the RECIPIENT to ECOLOGY in connection with its loan application were, when made, and are, as of the date the RECIPIENT signs this agreement, true and correct. There is no material adverse information relating to the RECIPIENT, the project, the loan, or this

agreement known to the RECIPIENT which has not been disclosed in writing to ECOLOGY.

Existence Authority. It is a duly formed and legally existing municipal corporation or political subdivision of the state of Washington or a federally recognized Indian Tribe. It has full corporate power and authority to execute, deliver, and perform all of its obligations under this agreement and to undertake the project identified herein.

Certification. Each payment request shall constitute a certification by the RECIPIENT to the effect that all representations and warranties made in this loan 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 loan agreement. Any changes in the RECIPIENT's financial condition shall be disclosed in writing to ECOLOGY by the RECIPIENT in its request for payment.

O. Sale or Disposition of Utility: The RECIPIENT shall not sell, transfer, or otherwise dispose of any of the works, plant, properties, facilities, or other part of the Utility or any real or personal property comprising a part of the Utility unless:

1. The facilities or property transferred are not material to the operation of the Utility, or have become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the Utility or are no longer necessary, material, or useful to the operation of the Utility; or
 2. The aggregate depreciated cost value of the facilities or property being transferred in any fiscal year comprises no more than three percent of the total assets of the Utility; or
 3. The RECIPIENT receives from the transferee an amount equal to an amount which will be in the same proportion to the net amount of Senior Lien Obligations and this LOAN then outstanding (defined as the total amount outstanding less the amount of cash and investments in the bond and loan funds securing such debt) as the Gross Revenue of the Utility from the portion of the Utility sold or disposed of for the preceding year bears to the total Gross Revenue for that period.
 4. Expressed written agreement by ECOLOGY.
- The proceeds of any transfer under this paragraph must be used (1) to redeem promptly, or irrevocably set aside for the redemption of, Senior Lien Obligations and to redeem promptly the loan, and (2) to provide for part of the cost of additions to and betterments and extensions of the Utility.

P. Sewer-Use Ordinance or Resolution: If not already in existence, the RECIPIENT shall adopt and shall enforce a sewer-use ordinance or resolution. Such ordinance or resolution shall be submitted to ECOLOGY upon request.

The sewer use ordinance must include provisions to:

- 1) Prohibit the introduction of toxic or hazardous wastes into the RECIPIENT's sewer system.
- 2) Prohibit inflow of stormwater.
- 3) Require that new sewers and connections be properly designed and constructed.
- 4) Require connections necessary to meet debt obligations associated with the planning and construction of this facility as well as the expected costs of operation and maintenance.

Q. Termination and Default:

Termination and Default Events

1. For Insufficient ECOLOGY or RECIPIENT Funds. ECOLOGY may terminate this loan agreement for insufficient ECOLOGY or RECIPIENT funds.
2. For Failure to Commence Work. ECOLOGY may terminate this loan agreement for failure of the RECIPIENT to commence project work.
3. Past Due Payments. The RECIPIENT shall be in default of its obligations under this loan agreement when any loan repayment becomes 60 days past due.
4. Other Cause. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactory performance in full by the RECIPIENT of all of its obligations under this loan agreement. The RECIPIENT shall be in default of its obligations under this loan agreement if, in the opinion of ECOLOGY, the RECIPIENT has unjustifiably failed to perform any obligation required of it by this loan agreement.

Procedures for Termination. If this loan agreement is terminated prior to project completion, ECOLOGY shall provide to the RECIPIENT a written notice of termination at least five working days prior to the effective date of termination (the "Termination Date"). The written notice of termination by the ECOLOGY shall specify the Termination Date and, when applicable, the date by which the RECIPIENT must repay any outstanding balance of the loan and all accrued interest (the "Termination Payment Date").

Termination and Default Remedies

No Further Payments. On and after the Termination Date, or in the event of a default event, ECOLOGY may, at its sole discretion, withdraw the loan and make no further payments under this agreement.

Repayment Demand. In response to an ECOLOGY initiated termination event, or in response to a loan default event, ECOLOGY may at its sole discretion demand that the RECIPIENT repay the outstanding balance of the Loan Amount and all accrued interest.

Interest after Repayment Demand. From the time that ECOLOGY demands repayment of funds, amounts owed by the RECIPIENT to ECOLOGY shall accrue additional interest at the rate of one percent per month, or fraction thereof.

Accelerate Repayments. In the event of a default, ECOLOGY may, in its sole discretion, declare the principal of and interest on the loan immediately due and payable, subject to the prior lien and charge of any outstanding Senior Lien Obligation upon the Net Revenue. That is, the loan is not subject to acceleration so long as any Senior Lien Obligations are outstanding. Repayments not made immediately upon such acceleration shall incur Late Charges.

Late Charges. All amounts due to ECOLOGY and not paid by the RECIPIENT by the Termination Payment Date or after acceleration following a default event, as applicable, shall incur late charges.

Intercept State Funds. In the event of a default event and in accordance with Chapter 90.50A.060 RCW, "Defaults," any state funds otherwise due to the RECIPIENT may, at ECOLOGY's sole discretion, be withheld and applied to the repayment of the loan.

Property to ECOLOGY. In the event of a default event and at the option of ECOLOGY, any personal property

(equipment) acquired under this agreement may, in ECOLOGY's sole discretion, become ECOLOGY's property. In that circumstance, ECOLOGY shall reduce the RECIPIENT's liability to repay money by an amount reflecting the fair value of such property.

Documents and Materials. If this agreement is terminated, all finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, and reports or other materials prepared by the RECIPIENT shall, at the option of ECOLOGY, become ECOLOGY property. The RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Collection and Enforcement Actions. In the event of a default event, the state of Washington reserves the right to take any actions it deems necessary to collect the amounts due, or to become due, or to enforce the performance and observance of any obligation by the RECIPIENT, under this agreement.

Fees and Expenses. In any action to enforce the provisions of this agreement, reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of legal staff) shall be awarded to the prevailing party as that term is defined in Chapter 4.84.330 RCW.

Damages. Notwithstanding ECOLOGY's exercise of any or all of the termination or default remedies provided in this agreement, the RECIPIENT shall not be relieved of any liability to ECOLOGY for damages sustained by ECOLOGY and/or the state of Washington because of any breach of this agreement by the RECIPIENT. ECOLOGY may withhold payments for the purpose of setoff until such time as the exact amount of damages due ECOLOGY from the RECIPIENT is determined.

R. User-Charge System: The RECIPIENT certifies that it has the legal authority to establish and implement a user-charge system and shall adopt a system of user-charges to assure that each user of the utility shall pay its proportionate share of the cost of operation and maintenance, including replacement during the design life of the project.

In addition, the RECIPIENT shall regularly evaluate the user-charge system, at least annually, to ensure the system provides adequate revenues necessary to operate and maintain the utility, to establish a reserve to pay for replacement, to establish the required Loan Reserve Account, and to repay the loan.

WQC TERMS AND CONDITIONS LAST UPDATED 12/15/2015

GENERAL FEDERAL CONDITIONS

If a portion or all of the funds for this agreement are provided through federal funding sources or this agreement is used to match a federal grant award, the following terms and conditions apply to you.

CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY EXCLUSION:

1. The RECIPIENT/CONTRACTOR, by signing this agreement, certifies that it is not suspended, debarred, proposed for debarment, declared ineligible or otherwise excluded from contracting with the federal government, or from receiving contracts paid for with federal funds. If the RECIPIENT/CONTRACTOR is unable to certify to the statements contained in the certification, they must provide an explanation as to why they cannot.
2. The RECIPIENT/CONTRACTOR shall provide immediate written notice to ECOLOGY if at any time the RECIPIENT/CONTRACTOR learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
3. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant,

person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the department for assistance in obtaining a copy of those regulations..

4. The RECIPIENT/CONTRACTOR agrees it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under the applicable Code of Federal Regulations, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction.
5. The RECIPIENT/CONTRACTOR further agrees by signing this agreement, that it will include this clause titled "CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY EXCLUSION" without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
6. Pursuant to 2CFR180.330, the RECIPIENT/CONTRACTOR is responsible for ensuring that any lower tier covered transaction complies with certification of suspension and debarment requirements.
7. RECIPIENT/CONTRACTOR acknowledges that failing to disclose the information required in the Code of Federal Regulations may result in the delay or negation of this funding agreement, or pursuance of legal remedies, including suspension and debarment.
8. RECIPIENT/CONTRACTOR agrees to keep proof in its agreement file, that it, and all lower tier recipients or contractors, are not suspended or debarred, and will make this proof available to ECOLOGY before requests for reimbursements will be approved for payment. RECIPIENT/CONTRACTOR must run a search in <http://www.sam.gov> and print a copy of completed searches to document proof of compliance.

Federal Funding Accountability And Transparency Act (FFATA) Reporting Requirements:

RECIPIENT must complete the FFATA Data Collection Form (ECY 070-395) and return it with the signed agreement to ECOLOGY..

Any RECIPIENT that meets each of the criteria below must also report compensation for its five top executives, using FFATA Data Collection Form.

- Receives more than \$25,000 in federal funds under this award; and
- Receives more than 80 percent of its annual gross revenues from federal funds; and
- Receives more than \$25,000,000 in annual federal funds

ECOLOGY will not pay any invoice until it has received a completed and signed FFATA Data Collection Form. ECOLOGY is required to report the FFATA information for federally funded agreements, including the required DUNS number, at www.fsrs.gov <http://www.fsrs.gov> within 30 days of agreement signature. The FFATA information will be available to the public at www.usaspending.gov <http://www.usaspending.gov>.

For more details on FFATA requirements, see www.fsrs.gov <http://www.fsrs.gov>.

GENERAL TERMS AND CONDITIONS

ADMINISTRATIVE REQUIREMENTS

) RECIPIENT shall follow the "Administrative Requirements for Recipients of Ecology Grants and Loans – EAGL Edition". <https://fortress.wa.gov/ecy/publications/SummaryPages/1401002.html>

) RECIPIENT shall complete all activities funded by this Agreement and be fully responsible for the proper management of all funds and resources made available under this Agreement.

- c) RECIPIENT agrees to take complete responsibility for all actions taken under this Agreement, including ensuring all subgrantees and contractors comply with the terms and conditions of this Agreement. ECOLOGY reserves the right to request proof of compliance by subgrantees and contractors.
- d) RECIPIENT's activities under this Agreement shall be subject to the review and approval by ECOLOGY for the extent and character of all work and services.

2. AMENDMENTS AND MODIFICATIONS

This Agreement may be altered, amended, or waived only by a written amendment executed by both parties. No subsequent modification(s) or amendment(s) of this Agreement will be of any force or effect unless in writing and signed by authorized representatives of both parties. ECOLOGY and the RECIPIENT may change their respective staff contacts and administrative information without the concurrence of either party.

3. ARCHAEOLOGICAL AND CULTURAL RESOURCES

RECIPIENT shall take reasonable action to avoid, minimize, or mitigate adverse effects to archeological or cultural resources. Activities associated with archaeological and cultural resources are an eligible reimbursable cost subject to approval by ECOLOGY.

RECIPIENT shall:

- a) Immediately cease work and notify ECOLOGY if any archeological or cultural resources are found while conducting work under this Agreement.
- b) Immediately notify the Department of Archaeology and Historic Preservation at (360) 586-3064, in the event historical or cultural artifacts are discovered at a work site.
- c) Comply with Governor Executive Order 05-05, Archaeology and Cultural Resources, for any capital construction projects prior to the start of any work.
- d) Comply with RCW 27.53, Archaeological Sites and Resources, for any work performed under this Agreement, as applicable. National Historic Preservation Act (NHPA) may require the RECIPIENT to obtain a permit pursuant to Chapter 27.53 RCW prior to conducting on-site activity with the potential to impact cultural or historic properties.

4. ASSIGNMENT

No right or claim of the RECIPIENT arising under this Agreement shall be transferred or assigned by the RECIPIENT.

5. COMMUNICATION

RECIPIENT shall make every effort to maintain effective communications with the RECIPIENT's designees, ECOLOGY, all affected local, state, or federal jurisdictions, and any interested individuals or groups.

5. COMPENSATION

- a) Any work performed prior to effective date of this Agreement will be at the sole expense and risk of the RECIPIENT. ECOLOGY must sign the Agreement before any payment requests can be submitted.
- b) Payments will be made on a reimbursable basis for approved and completed work as specified in this Agreement.
- c) RECIPIENT is responsible to determine if costs are eligible. Any questions regarding eligibility should be clarified with ECOLOGY prior to incurring costs. Costs that are conditionally eligible may require approval by ECOLOGY prior to purchase.
- d) RECIPIENT shall not invoice more than once per month unless agreed on by ECOLOGY.
- e) ECOLOGY will not process payment requests without the proper reimbursement forms, Progress Report and supporting documentation. ECOLOGY will provide instructions for submitting payment requests.
- f) ECOLOGY will pay the RECIPIENT thirty (30) days after receipt of a properly completed request for payment.
- g) RECIPIENT will receive payment through Washington State Department of Enterprise Services' Statewide Payee Desk. RECIPIENT must register as a payee by submitting a Statewide Payee Registration form and an IRS W-9 form at the website, <http://www.des.wa.gov/services/ContractingPurchasing/Business/VendorPay/Pages/default.aspx>. For any

questions about the vendor registration process contact the Statewide Payee Help Desk at (360) 407-8180 or email payeehelpdesk@des.wa.gov.

h) ECOLOGY may, at its sole discretion, withhold payments claimed by the RECIPIENT if the RECIPIENT fails to satisfactorily comply with any term or condition of this Agreement.

i) Monies withheld by ECOLOGY may be paid to the RECIPIENT when the work described herein, or a portion thereof, has been completed if, at ECOLOGY's sole discretion, such payment is reasonable and approved according to this Agreement, as appropriate, or upon completion of an audit as specified herein.

j) RECIPIENT should submit final requests for compensation within thirty (30) days after the expiration date of this Agreement. Failure to comply may result in delayed reimbursement.

7. COMPLIANCE WITH ALL LAWS

RECIPIENT agrees to comply fully with all applicable Federal, State and local laws, orders, regulations, and permits related to this Agreement, including but not limited to:

a) RECIPIENT agrees to comply with all applicable laws, regulations, and policies of the United States and the State of Washington which affect wages and job safety.

b) RECIPIENT agrees to be bound by all federal and state laws, regulations, and policies against discrimination.

c) RECIPIENT certifies full compliance with all applicable state industrial insurance requirements.

d) RECIPIENT agrees to secure and provide assurance to ECOLOGY that all the necessary approvals and permits required by authorities having jurisdiction over the project are obtained. RECIPIENT must include time in their project timeline for the permit and approval processes.

ECOLOGY shall have the right to immediately terminate for cause this Agreement as provided herein if the RECIPIENT fails to comply with above requirements.

If any provision of this Agreement violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

8. CONFLICT OF INTEREST

RECIPIENT and ECOLOGY agree that any officer, member, agent, or employee, who exercises any function or responsibility in the review, approval, or carrying out of this Agreement, shall not have any personal or financial interest, direct or indirect, nor affect the interest of any corporation, partnership, or association in which he/she is a part, in this Agreement or the proceeds thereof.

9. CONTRACTING FOR GOODS AND SERVICES

RECIPIENT may contract to buy goods or services related to its performance under this Agreement. RECIPIENT shall award all contracts for construction, purchase of goods, equipment, services, and professional architectural and engineering services through a competitive process, if required by State law. RECIPIENT is required to follow procurement procedures that ensure legal, fair, and open competition.

RECIPIENT must have a standard procurement process or follow current state procurement procedures. RECIPIENT may be required to provide written certification that they have followed their standard procurement procedures and applicable state law in awarding contracts under this Agreement.

ECOLOGY reserves the right to inspect and request copies of all procurement documentation, and review procurement practices related to this Agreement. Any costs incurred as a result of procurement practices not in compliance with state procurement law or the RECIPIENT's normal procedures may be disallowed at ECOLOGY's sole discretion.

10. DISPUTES

When there is a dispute with regard to the extent and character of the work, or any other matter related to this

Agreement the determination of ECOLOGY will govern, although the RECIPIENT shall have the right to appeal decisions as provided for below:

- a) RECIPIENT notifies the funding program of an appeal request.
- b) Appeal request must be in writing and state the disputed issue(s).
- c) RECIPIENT has the opportunity to be heard and offer evidence in support of its appeal.
- d) ECOLOGY reviews the RECIPIENT's appeal.
- e) ECOLOGY sends a written answer within ten (10) business days, unless more time is needed, after concluding the review.

The decision of ECOLOGY from an appeal will be final and conclusive, unless within thirty (30) days from the date of such decision, the RECIPIENT furnishes to the Director of ECOLOGY a written appeal. The decision of the Director or duly authorized representative will be final and conclusive.

The parties agree that this dispute process will precede any action in a judicial or quasi-judicial tribunal.

Appeals of the Director's decision will be brought in the Superior Court of Thurston County. Review of the Director's decision will not be taken to Environmental and Land Use Hearings Office.

Pending final decision of a dispute, the RECIPIENT agrees to proceed diligently with the performance of this Agreement and in accordance with the decision rendered.

Nothing in this contract will be construed to limit the parties' choice of another mutually acceptable method, in addition to the dispute resolution procedure outlined above.

11. ENVIRONMENTAL STANDARDS

- a) RECIPIENTS who collect environmental-monitoring data must provide these data to ECOLOGY using the Environmental Information Management System (EIM). To satisfy this requirement these data must be successfully loaded into EIM, see instructions on the EIM website at: <http://www.ecy.wa.gov/eim>.
- b) RECIPIENTS are required to follow ECOLOGY's data standards when Geographic Information System (GIS) data are collected and processed. More information and requirements are available at: <http://www.ecy.wa.gov/services/gis/data/standards/standards.htm>. RECIPIENTS shall provide copies to ECOLOGY of all final GIS data layers, imagery, related tables, raw data collection files, map products, and all metadata and project documentation.
- c) RECIPIENTS must prepare a Quality Assurance Project Plan (QAPP) when a project involves the collection of environmental measurement data. QAPP is to ensure the consistent application of quality assurance principles to the planning and execution of all activities involved in generating data. RECIPIENTS must follow ECOLOGY's Guidelines for Preparing Quality Assurance Project Plans for Environmental Studies, July 2004 (Ecology Publication No. 04-03-030). ECOLOGY shall review and approve the QAPP prior to start of work. The size, cost, and complexity of the QAPP should be in proportion to the magnitude of the sampling effort.

2. GOVERNING LAW

This Agreement will be governed by the laws of the State of Washington, and the venue of any action brought hereunder will be in the Superior Court of Thurston County.

3. INDEMNIFICATION

ECOLOGY will in no way be held responsible for payment of salaries, consultant's fees, and other costs related to the project described herein, except as provided in the Scope of Work.

to the extent that the Constitution and laws of the State of Washington permit, each party will indemnify and hold the

other harmless from and against any liability for any or all injuries to persons or property arising from the negligent act or omission of that party or that party's agents or employees arising out of this Agreement.

14. INDEPENDENT STATUS

The employees, volunteers, or agents of each party who are engaged in the performance of this Agreement will continue to be employees, volunteers, or agents of that party and will not for any purpose be employees, volunteers, or agents of the other party.

15. KICKBACKS

RECIPIENT is prohibited from inducing by any means any person employed or otherwise involved in this Agreement to give up any part of the compensation to which he/she is otherwise entitled to or receive any fee, commission, or gift in return for award of a subcontract hereunder.

16. MINORITY AND WOMEN'S BUSINESS ENTERPRISES (MWBE)

RECIPIENT is encouraged to solicit and recruit, to the extent possible, certified minority-owned (MBE) and women-owned (WBE) businesses in purchases and contracts initiated under this Agreement.

Contract awards or rejections cannot be made based on MWBE participation; however, the RECIPIENT is encouraged to take the following actions, when possible, in any procurement under this Agreement:

- a) Include qualified minority and women's businesses on solicitation lists whenever they are potential sources of goods or services.
- b) Divide the total requirements, when economically feasible, into smaller tasks or quantities, to permit maximum participation by qualified minority and women's businesses.
- c) Establish delivery schedules, where work requirements permit, which will encourage participation of qualified minority and women's businesses.
- d) Use the services and assistance of the Washington State Office of Minority and Women's Business Enterprises (OMWBE) (866-208-1064) and the Office of Minority Business Enterprises of the U.S. Department of Commerce, as appropriate.

17. ORDER OF PRECEDENCE

In the event of inconsistency in this Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: (a) applicable federal and state statutes and regulations; (b) The Agreement; (c) Scope of Work; (d) Special Terms and Conditions; (e) Any provisions or terms incorporated herein by reference, including the "Administrative Requirements for Recipients of Ecology Grants and Loans"; and (f) the General Terms and Conditions.

18. PRESENTATION AND PROMOTIONAL MATERIALS

ECOLOGY reserves the right to approve RECIPIENT's communication documents and materials related to the fulfillment of this Agreement:

- 1) If requested, RECIPIENT shall provide a draft copy to ECOLOGY for review and approval ten (10) business days prior to production and distribution.
- 2) RECIPIENT shall include time for ECOLOGY's review and approval process in their project timeline.
- 3) If requested, RECIPIENT shall provide ECOLOGY two (2) final copies and an electronic copy of any tangible products developed.

copies include any printed materials, and all tangible products developed such as brochures, manuals, pamphlets, videos, audio tapes, CDs, curriculum, posters, media announcements, or gadgets with a message, such as a refrigerator magnet, and any online communications, such as web pages, blogs, and twitter campaigns. If it is not practical to provide a copy, then the RECIPIENT shall provide a description (photographs, drawings, printouts, etc.) that best

represents the item.

Any communications intended for public distribution that uses ECOLOGY's logo shall comply with ECOLOGY's graphic requirements and any additional requirements specified in this Agreement. Before the use of ECOLOGY's logo contact ECOLOGY for guidelines.

RECIPIENT shall acknowledge in the communications that funding was provided by ECOLOGY.

19. PROGRESS REPORTING

- a) RECIPIENT must satisfactorily demonstrate the timely use of funds by submitting payment requests and progress reports to ECOLOGY. ECOLOGY reserves the right to amend or terminate this Agreement if the RECIPIENT does not document timely use of funds.
- b) RECIPIENT must submit a progress report with each payment request. Payment requests will not be processed without a progress report. ECOLOGY will define the elements and frequency of progress reports.
- c) RECIPIENT shall use ECOLOGY's provided progress report format.
- d) Quarterly progress reports will cover the periods from January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31. Reports shall be submitted within thirty (30) days after the end of the quarter being reported.
- e) RECIPIENT shall submit the Closeout Report within thirty (30) days of the expiration date of the project, unless an extension has been approved by ECOLOGY. RECIPIENT shall use the ECOLOGY provided closeout report format.

20. PROPERTY RIGHTS

- a) Copyrights and Patents. When the RECIPIENT creates any copyrightable materials or invents any patentable property under this agreement, the RECIPIENT may copyright or patent the same but ECOLOGY retains a royalty free, nonexclusive, and irrevocable license to reproduce, publish, recover, or otherwise use the material(s) or property, and to authorize others to use the same for federal, state, or local government purposes.
- b) Publications. When the RECIPIENT or persons employed by the RECIPIENT use or publish ECOLOGY information; present papers, lectures, or seminars involving information supplied by ECOLOGY; or use logos, reports, maps, or other data in printed reports, signs, brochures, pamphlets, etc., appropriate credit shall be given to ECOLOGY.
- c) Presentation and Promotional Materials. ECOLOGY shall have the right to use or reproduce any printed or graphic materials produced in fulfillment of this Agreement, in any manner ECOLOGY deems appropriate. ECOLOGY shall acknowledge the RECIPIENT as the sole copyright owner in every use or reproduction of the materials.
- d) Tangible Property Rights. ECOLOGY's current edition of "Administrative Requirements for Recipients of Ecology Grants and Loans," shall control the use and disposition of all real and personal property purchased wholly or in part with funds furnished by ECOLOGY in the absence of state and federal statutes, regulations, or policies to the contrary, or upon specific instructions with respect thereto in this Agreement.
- e) Personal Property Furnished by ECOLOGY. When ECOLOGY provides personal property directly to the RECIPIENT for use in performance of the project, it shall be returned to ECOLOGY prior to final payment by ECOLOGY. If said property is lost, stolen, or damaged while in the RECIPIENT's possession, then ECOLOGY shall be reimbursed in cash or by setoff by the RECIPIENT for the fair market value of such property.
- f) Acquisition Projects. The following provisions shall apply if the project covered by this Agreement includes funds for the acquisition of land or facilities:
 1. RECIPIENT shall establish that the cost is fair value and reasonable prior to disbursement of funds provided for in his Agreement.
 2. RECIPIENT shall provide satisfactory evidence of title or ability to acquire title for each parcel prior to disbursement of funds provided by this Agreement. Such evidence may include title insurance policies, Torrens certificates, or abstracts, and attorney's opinions establishing that the land is free from any impediment, lien, or claim which would impair the uses intended by this Agreement.
- ~~g) Conversions. Regardless of the agreement expiration date, the RECIPIENT shall not at any time convert any equipment, property, or facility acquired or developed under this Agreement to uses other than those for which~~

assistance was originally approved without prior written approval of ECOLOGY. Such approval may be conditioned upon payment to ECOLOGY of that portion of the proceeds of the sale, lease, or other conversion or encumbrance which monies granted pursuant to this Agreement bear to the total acquisition, purchase, or construction costs of such property.

21. RECORDS, AUDITS, AND INSPECTIONS

RECIPIENT shall maintain complete program and financial records relating to this Agreement, including any engineering documentation and field inspection reports of all construction work accomplished.

All records shall:

- a) Be kept in a manner which provides an audit trail for all expenditures.
- b) Be kept in a common file to facilitate audits and inspections.
- c) Clearly indicate total receipts and expenditures related to this Agreement.
- d) Be open for audit or inspection by ECOLOGY, or by any duly authorized audit representative of the State of Washington, for a period of at least three (3) years after the final grant payment or loan repayment, or any dispute resolution hereunder.

RECIPIENT shall provide clarification and make necessary adjustments if any audits or inspections identify discrepancies in the records.

ECOLOGY reserves the right to audit, or have a designated third party audit, applicable records to ensure that the state has been properly invoiced. Any remedies and penalties allowed by law to recover monies determined owed will be enforced. Repetitive instances of incorrect invoicing or inadequate records may be considered cause for termination.

All work performed under this Agreement and any property and equipment purchased shall be made available to ECOLOGY and to any authorized state, federal or local representative for inspection at any time during the course of this Agreement and for at least three (3) years following grant or loan termination or dispute resolution hereunder.

RECIPIENT shall provide right of access to ECOLOGY, or any other authorized representative, at all reasonable times, in order to monitor and evaluate performance, compliance, and any other conditions under this Agreement.

22. RECOVERY OF FUNDS

The right of the RECIPIENT to retain monies received as reimbursement payments is contingent upon satisfactory performance of this Agreement and completion of the work described in the Scope of Work.

All payments to the RECIPIENT are subject to approval and audit by ECOLOGY, and any unauthorized expenditure(s) or unallowable cost charged to this agreement shall be refunded to ECOLOGY by the RECIPIENT.

RECIPIENT shall refund to ECOLOGY the full amount of any erroneous payment or overpayment under this Agreement.

RECIPIENT shall refund by check payable to ECOLOGY the amount of any such reduction of payments or repayments within thirty (30) days of a written notice. Interest will accrue at the rate of twelve percent (12%) per year from the time ECOLOGY demands repayment of funds.

Any property acquired under this Agreement, at the option of ECOLOGY, may become ECOLOGY's property and the RECIPIENT's liability to repay monies will be reduced by an amount reflecting the fair value of such property.

3. SEVERABILITY

Any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid,

such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, and to this end the provisions of this Agreement are declared to be severable.

24. STATE ENVIRONMENTAL POLICY ACT (SEPA)

RECIPIENT must demonstrate to ECOLOGY's satisfaction that compliance with the requirements of the State Environmental Policy Act (Chapter 43.21C RCW and Chapter 197-11 WAC) have been or will be met. Any reimbursements are subject to this provision.

25. SUSPENSION

When in the best interest of ECOLOGY, ECOLOGY may at any time, and without cause, suspend this Agreement or any portion thereof for a temporary period by written notice from ECOLOGY to the RECIPIENT. RECIPIENT shall resume performance on the next business day following the suspension period unless another day is specified by ECOLOGY.

26. SUSTAINABLE PRACTICES

In order to sustain Washington's natural resources and ecosystems, the RECIPIENT is fully encouraged to implement sustainable practices and to purchase environmentally preferable products under this Agreement.

- a) Sustainable practices may include such activities as: use of clean energy, use of double-sided printing, hosting low impact meetings, and setting up recycling and composting programs.
- b) Purchasing may include such items as: sustainably produced products and services, EPEAT registered computers and imaging equipment, independently certified green cleaning products, remanufactured toner cartridges, products with reduced packaging, office products that are refillable, rechargeable, and recyclable, and 100% post-consumer recycled paper.

For more suggestions visit ECOLOGY's web page: Green Purchasing, <http://www.ecy.wa.gov/programs/swfa/epp>.

27. TERMINATION

a) For Cause

ECOLOGY may terminate for cause this Agreement with a seven (7) calendar days prior written notification to the RECIPIENT, at the sole discretion of ECOLOGY, for failing to perform an Agreement requirement or for a material breach of any term or condition. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

Failure to Commence Work. ECOLOGY reserves the right to terminate this Agreement if RECIPIENT fails to commence work on the project funded within four (4) months after the effective date of this Agreement, or by any date mutually agreed upon in writing for commencement of work, or the time period defined within the Scope of Work.

Non-Performance. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactory performance by the RECIPIENT of all of its obligations under this Agreement. In the event the RECIPIENT unjustifiably fails, in the opinion of ECOLOGY, to perform any obligation required of it by this Agreement, ECOLOGY may refuse to pay any further funds, terminate in whole or in part this Agreement, and exercise any other rights under this Agreement.

Despite the above, the RECIPIENT shall not be relieved of any liability to ECOLOGY for damages sustained by ECOLOGY and the State of Washington because of any breach of this Agreement by the RECIPIENT. ECOLOGY may withhold payments for the purpose of setoff until such time as the exact amount of damages due ECOLOGY from the RECIPIENT is determined.

b) For Convenience

ECOLOGY may terminate for convenience this Agreement, in whole or in part, for any reason when it is the best

interest of ECOLOGY, with a thirty (30) calendar days prior written notification to the RECIPIENT. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

Non-Allocation of Funds. ECOLOGY's ability to make payments is contingent on availability of funding. In the event funding from state, federal or other sources is withdrawn, reduced, or limited in any way after the effective date and prior to the completion or expiration date of this agreement, ECOLOGY, at its sole discretion, may elect to terminate the agreement, in whole or part, or renegotiate the agreement, subject to new funding limitations or conditions. ECOLOGY may also elect to suspend performance of the agreement until ECOLOGY determines the funding insufficiency is resolved. ECOLOGY may exercise any of these options with no notification or restrictions.

If payments have been discontinued by ECOLOGY due to unavailable funds, the RECIPIENT shall not be obligated to repay monies which had been paid to the RECIPIENT prior to such termination.

RECIPIENT's obligation to continue or complete the work described in this Agreement shall be contingent upon availability of funds by the RECIPIENT's governing body.

c) **By Mutual Agreement**

ECOLOGY and the RECIPIENT may terminate this Agreement, in whole or in part, at any time, by mutual written agreement.

d) **In Event of Termination**

All finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, reports or other materials prepared by the RECIPIENT under this Agreement, at the option of ECOLOGY, will become property of ECOLOGY and the RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Nothing contained herein shall preclude ECOLOGY from demanding repayment of all funds paid to the RECIPIENT in accordance with Recovery of Funds, identified herein.

28. THIRD PARTY BENEFICIARY

RECIPIENT shall ensure that in all subcontracts entered into by the RECIPIENT pursuant to this Agreement, the state of Washington is named as an express third party beneficiary of such subcontracts with full rights as such.

29. WAIVER

Waiver of a default or breach of any provision of this Agreement is not a waiver of any subsequent default or breach, and will not be construed as a modification of the terms of this Agreement unless stated as such in writing by the authorized representative of ECOLOGY.

GENERAL TERMS AND CONDITIONS LAST UPDATED 12/25/2015

**ATTACHMENT 1
ESTIMATED LOAN REPAYMENT SCHEDULE**

Loan Number	WOC-2015-KitPHD-00157	Loan Amount	\$1,000,000.00
Recipient Name	Kitsap Public Health District	Term of Loan	9 Payments
Amortization Method	Compound-365 D/Y	Annual Int. Rate	1.400 %
Project Completion Date		Interest Compounded	Monthly
Initiation of Operations	06/30/2017	Loan Date	06/30/2017

Loan Number	WOC-2015-KitPHD-00157	Department of Ecology	
Recipient Name	Kitsap Public Health District	Date Created	11/24/2014

Payment #	Due Date	Payment Amount	Interest	Principal	Balance
1	06/30/2018	\$115,853.21	\$14,070.75	\$101,782.46	\$898,217.54
2	12/30/2018	\$115,853.21	\$6,305.89	\$109,547.32	\$788,670.22
SubTotal	2018	\$231,706.42	\$20,376.64	\$211,329.78	
3	06/30/2019	\$115,853.21	\$5,536.82	\$110,316.39	\$678,353.83
4	12/30/2019	\$115,853.21	\$4,762.35	\$111,090.86	\$567,262.97
SubTotal	2019	\$231,706.42	\$10,299.17	\$221,407.25	
5	06/30/2020	\$115,853.21	\$3,982.44	\$111,870.77	\$455,392.20
6	12/30/2020	\$115,853.21	\$3,197.06	\$112,656.15	\$342,736.05
SubTotal	2020	\$231,706.42	\$7,179.50	\$224,526.92	
7	06/30/2021	\$115,853.21	\$2,406.16	\$113,447.05	\$229,289.00
8	12/30/2021	\$115,853.21	\$1,609.71	\$114,243.50	\$115,045.50
SubTotal	2021	\$231,706.42	\$4,015.87	\$227,690.55	
9	06/30/2022	\$115,853.17	\$807.67	\$115,045.50	\$0.00
SubTotal	2022	\$115,853.17	\$807.67	\$115,045.50	
Grand Total		\$1,042,678.85	\$42,678.85	\$1,000,000.00	

Professional Services Agreements

between

Kitsap Public Health District and Craft3

(KPHD 1276 and KPHD 1518)

EXHIBIT C

(consisting of 13 pages)

To

INTERLOCAL AGREEMENT

Between

Clallam County

Jefferson County

Kitsap County

Mason County

Kitsap Public Health District

PROFESSIONAL SERVICES AGREEMENT
Between
KITSAP PUBLIC HEALTH DISTRICT
And
CRAFT3

Contract 1276
(PDF 4/22/2016)
*** Accounting**
*** Whitford**

This Professional Services Agreement ("Agreement") is made and entered into between the Kitsap Public Health District, a Health District organized pursuant to chapter 70.46 Revised Code of Washington and Section 9.52 Kitsap County Code, hereinafter referred to as "District", and Craft3, hereinafter referred to as "Contractor". The parties mutually agree as follows:

- I. **Period of Performance:** The period of performance of this Agreement shall begin **July 1, 2014**, and be completed no later than **June 30th, 2017**, unless terminated sooner or extended as provided for herein.
- II. **Purpose:** The District requires the expertise of this Contractor to provide lending and loan services for a four county regional septic loan program. This Agreement describes a working relationship between the Contractor and the District. This Agreement only applies to Craft3's utilization of state centennial clean water fund grant dollars that have been made available to the District through an Agreement with the Washington State Department of Ecology (Ecology). A separate Agreement governs Craft3's use of federal State Revolving Fund (SRF) loan dollars.
- III. **Qualifications/Eligibility:** The Contractor will have the qualifications necessary to successfully complete the objectives of this Agreement. The Contractor hereby affirms that he/she is eligible to work in the United States as set forth in the Immigration Reform and Control Act (IRCA) and has completed the Employment Eligibility Verification Form I-9 providing the District with appropriate identification.
- IV. **Compensation:** The total compensation payable for the work under the Agreement will not exceed **\$422,481**. This includes \$409,981 for lending, and \$12,500 for Loan Program Administration. The Contractor will be paid only for work product expressly authorized in Exhibit A. Reimbursement will be based on payment requests submitted by the Contractor and the District in Ecology's EAGL grant management system.
- V. **Notices:** Notices pursuant to this Agreement shall be sent to:

<u>If to the District:</u> Kitsap Public Health District Attn: Stuart Whitford 345 6 th Street, Suite 300 Bremerton, WA 98337 (360) 337-5674	<u>If to the Contractor:</u> Craft3 Attn: David Oser 203 Howerton Way P.O. Box 826 Ilwaco, WA 98624 Phone # (888) 231-2170 ext 142
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- VI. **Independent Contractor:** Contractor and its employees or agents performing under this Agreement are not employees or agents of the District.
- VII. **Rights in Data:** Data that is delivered under this Agreement is the District's property and shall be transferred fully to the District with all rights to the license to publish, translate, reproduce, modify, deliver, dispose of, and to authorize others to do so.

VIII. **Indemnification:** Contractor shall defend, indemnify and hold the District, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from the acts, errors or omissions of the Contractor in performance of this Agreement, except for injuries and damages caused by the sole negligence of the District. Solely for the purposes of this provision, the Contractor waives its immunity under Title 51 (Industrial Insurance) of the Revised Code of Washington and acknowledges that this waiver was mutually negotiated by the parties. This provision will survive the expiration or termination of this Agreement.

IX. **Insurance:** The Contractor shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, or employees.

No Limitation. Contractor's maintenance of insurance as required by the Agreement shall not be construed to limit the liability of the Contractor to the coverage provided by such insurance, or otherwise limit the District's recourse to any remedy available at law or in equity.

A. Minimum Scope of Insurance

Contractor shall obtain or provide proof of insurance of the types described below:

1. **Automobile Liability** insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
2. **Commercial General Liability** insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors and personal injury and advertising injury. The District shall be named as an insured under the Contractor's Commercial General Liability insurance policy with respect to the work performed for the District.
3. **Workers' Compensation** coverage as required by the Industrial Insurance laws of the state of Washington.
4. **Professional Errors and Omissions** coverage.

B. Minimum Amounts of Insurance

Contractor shall maintain the following insurance limits:

1. **Automobile Liability** insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident
2. **Commercial General Liability** insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.
3. **Professional Errors and Omissions** insurance shall be written with limits no less than \$1,000,000 per claim and \$1,000,000 policy aggregate limit.

C. Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability, Professional Liability and Commercial General Liability insurance:

1. The Contractor's insurance coverage shall be primary insurance as respect the District. Any insurance, self-insurance, or insurance pool coverage maintained by the District shall be excess of the Contractor's insurance and shall not contribute with it.
2. The Contractor's insurance shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the District.

D, Acceptability of Insurers

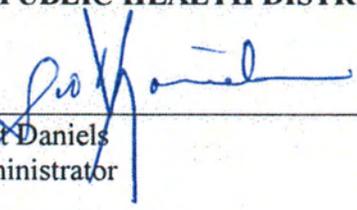
Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

E. Verification of Coverage

Contractor shall furnish the District with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Contractor before commencement of the work.

- IX. **Safeguarding of Information:** The use or disclosure by Contractor of any information or documents obtained by the Contractor in the course of contract performance for any purpose not directly connected with Contractor's responsibilities under this Agreement is prohibited except as may be required by law.
- X. **Statutory and Regulatory Compliance:** Contractor shall comply with all applicable federal, state, and local laws, regulations, guidelines, and standards in the performance of this Agreement.
- XI. **Certification Regarding Suspension and Debarment:** The Contractor, by completing and returning to the District the "Debarment, Suspension, Ineligibility or Voluntary Exclusion Certification Form", and completing, signing and returning to the District the "Certification Regarding Debarment, Suspension, Ineligibility or Voluntary Exclusion for Lower Tier Covered Transactions" form, certifies that it is not debarred, suspended, or proposed for debarment by any federal agency.
- XII. **Non-Discrimination:** Contractor shall not discriminate against any employee or applicant for employment because of race, color, sex, religion, national origin, creed, marital status, age, Vietnam era or disabled veteran status, sexual preference, or the presence of any sensory mental or physical handicap.
- XIII. **Amendment:** This Agreement may be modified only by a written amendment executed by authorized representatives of both parties.
- XIV. **Termination:** This Agreement may be terminated by either party upon giving at least thirty (30) days advance written notice to the other party.
- XV. **Entire Agreement:** This Agreement constitutes the entire Agreement between the parties regarding its subject matter. Any oral or written representations not expressly incorporated in this Agreement are specifically excluded.

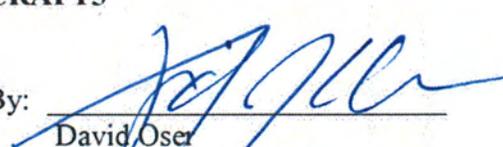
KITSAP PUBLIC HEALTH DISTRICT

By: 

Scott Daniels
Administrator

Date: 4-5-16

CRAFT3

By: 

David Oser
Executive Vice President
Craft3

Date: 4/20/16

Funding Source	
Program:	_____
Federal Contract/Grant	_____

EXHIBIT A

KPHD Contract #1276

Professional Services Agreement

Between Kitsap Public Health District and Craft3

SCOPE OF WORK AND BUDGET

Background and Purpose:

The Kitsap Public Health District (KPHD) Water Pollution Identification and Correction Program is contracting with Craft3 for lending and loan management services related to a regional onsite sewage system repair loan program. The intent of the program is to offer inclusive and affordable financial assistance to property owners with failing onsite sewage systems. The program will cover Kitsap, Jefferson, Mason and Clallam counties. These loans will reduce financial barriers to compliance and contribute to an improvement in marine, saltwater estuary, stream and ground water quality, which benefits public health and shellfish harvesting areas.

Funding:

The Washington State Department of Ecology supports this work through a \$1,000,000 Clean Water State Revolving Fund Loan (SRF), and a \$494,981 Centennial Clean Water Fund Grant to KPHD to help finance a regional onsite sewage system repair loan program for Kitsap, Mason, Jefferson, and Clallam Counties. Craft3 will provide a minimum of \$494,981 of match to this Grant project through a combination of new loans utilizing SRF funds, and loans utilizing other funding sources since July 1, 2014.

This Agreement pertains only to the Grant fund award. A separate Agreement governs the use of state revolving fund loan dollars (SRF). As required by the grant/loan Agreement with the Washington State Department of Ecology, \$85,000 of Grant funds are allocated to partner marketing (\$15,000 each to Kitsap, Jefferson, Mason, and Clallam local health jurisdictions), KPHD program admin costs (\$12,500), and Craft3 loan program administration costs (\$12,500; see below for details). The remaining \$409,981 of Grant dollars is dedicated for lending by Craft3 for septic system repairs and administrative costs.

Task Summary:

Craft3 will work with KPHD and our regional partners to develop and administer a Clean Water Loan Program that provides financial assistance to property owners with failing onsite sewage systems in the four county area. The loan will cover 100% of all costs associated with the design, permitting and installation of an approved OSS repair/replacement. In certain areas, loans may also cover 100% of the cost of connection to the municipal sewer system. Craft3 is responsible for any loan loss reserves it decides to set aside. Loan and grant dollars from this award will not be used for this purpose.

Craft3 will develop loan program guidelines that address the following required program elements: Loan eligibility, uses of loan proceeds, loan structure, specific criteria for loans to commercial properties, credit administration, financial administration, marketing and outreach, and reporting.

Craft3 will also organize quarterly Advisory Board meetings that consist of representatives from each participating county. Each county will determine their representative on this board. The purpose of the Advisory Board is to provide oversight and consultation related to the management of the loan program, and represent individual county interest in the program.

Task Detail:

Task 1a Loan Program Guidelines:

Craft3 will provide loan program guidelines that address the following required program elements:

- Loan application process
- Loan eligibility requirements
- Loan Rates, Terms, and Repayment Structure for residential properties including those for owner occupied, and non-owner occupied properties.
- Lender loan fees
- Allowed use of loan proceeds
- Loan underwriting process including how the loan will reduce barriers for low income or non-traditional borrowers.
- Process for serving commercial clients
- Process for loan servicing

Craft3 will be solely responsible for making credit decisions and setting loan rates, terms, and repayment structure. Craft3 will consult with the Advisory Board and seek to build consensus, where possible. Craft3 will also be responsible for setting and maintaining its own Loan Loss Reserve.

Task 1b Loan Program Administration:

Craft3 will provide loans to private entities to repair or replace failing on-site sewage systems in accordance with the loan guidelines, federal and state consumer lending regulations.

Task 2 Regional Marketing Plan:

Craft3 will work with program partners to develop a regional marketing program that will ensure that available dollars are fully and properly utilized. Craft3 and the program partners shall have responsibilities in the implementation of the marketing plan. At minimum, Craft3 will develop and provide marketing collateral pieces (e.g. loan brochure), a loan website, and contractor marketing toolkit.

Task 3 Advisory Board:

Craft3 will participate in a program advisory committee made up of representatives from Kitsap, Mason, Jefferson and Clallam Counties. Meetings will be quarterly, two face to face, and two by teleconference (unless otherwise decided by the advisory board). Craft3 will prepare meeting agendas and minutes.

Task 4 Reporting:

Craft3 will prepare quarterly program reports and deliver to KPHD and the other program partners by April 10th, July 10th, October 10th, and January 10th. These reports and other updates will be shared with the Advisory Board during each meeting. These reports will include a breakdown of the following:

- For Task 1 - 4, a description of the work completed during the reporting period
- A list of loans made during the quarter, and a cumulative list since project inception, including loan number, county, owner name, address, latitude/longitude, interest rate, loan amount, date funded, and county approval date.

PROFESSIONAL SERVICES AGREEMENT
Between
KITSAP PUBLIC HEALTH DISTRICT
And
CRAFT3

This Professional Services Agreement (“Agreement”) is made and entered into between the Kitsap Public Health District, a Health District organized pursuant to chapter 70.46 Revised Code of Washington and Section 9.52 Kitsap County Code, hereinafter referred to as “District”, and Craft3, hereinafter referred to as “Contractor”. The parties mutually agree as follows:

- I. **Period of Performance:** The period of performance of this Agreement shall begin July 1, 2014, and be completed no later than June 30, 2022, unless terminated sooner or extended as provided for herein.
- II. **Purpose:** The District requires the expertise of this Contractor to provide lending and loan services for a four-county regional septic loan program. This Agreement describes a working relationship between the Contractor and the District. This Agreement only applies to the Contractor’s utilization of federal State Revolving Funds (SRF) dollars that have been made available to the District through an Agreement with the Washington State Department of Ecology (Ecology). A separate Agreement governs the Contractor’s use of State Centennial Clean Water Fund grant dollars.
- III. **Qualifications/Eligibility:** The Contractor will have the qualifications necessary to successfully complete the objectives of this Agreement. The Contractor hereby affirms that he/she is eligible to work in the United States as set forth in the Immigration Reform and Control Act (IRCA).
- IV. **Compensation:** The total compensation payable for the work under the Agreement will not exceed \$1,000,000. The Contractor will be paid only for work product expressly authorized in Exhibit A. Reimbursement will be based on payment requests submitted by the Contractor and the District in Ecology’s EAGL grant management system.
- V. **Notices:** Notices pursuant to this agreement shall be sent to:

<u>If to the District:</u> Kitsap Public Health District Attn: Stuart Whitford 345 6 th Street, Suite 300 Bremerton, WA 98337 (360) 337-5674	<u>If to the Contractor:</u> Craft3 Attn: David Oser 203 Howerton Way P.O. Box 826 Ilwaco, WA 98624 (888) 231-2170, ext. 142
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- VI. **Independent Contractor:** Contractor and its employees or agents performing under this Agreement are not employees or agents of the District.
- VII. **Rights in Data:** Data that is delivered under this Agreement is the District’s property and shall be transferred fully to the District with all rights to the license to publish, translate, reproduce, modify, deliver, dispose of, and to authorize others to do so.
- VIII. **Indemnification:** Contractor shall defend, indemnify and hold the District, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits

including attorney fees, arising out of or resulting from the acts, errors or omissions of the Contractor in performance of this Agreement, except for injuries and damages caused by the sole negligence of the District. Solely for the purposes of this provision, the Contractor waives its immunity under Title 51 (Industrial Insurance) of the Revised Code of Washington and acknowledges that this waiver was mutually negotiated by the parties. This provision will survive the expiration or termination of this Agreement.

IX. **Insurance:** The Contractor shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, or employees.

No Limitation. Contractor's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Contractor to the coverage provided by such insurance, or otherwise limit the District's recourse to any remedy available at law or in equity.

A. Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability, Professional Liability and Commercial General Liability insurance:

1. The Contractor's insurance coverage shall be primary insurance as respect the District. Any insurance, self-insurance, or insurance pool coverage maintained by the District shall be excess of the Contractor's insurance and shall not contribute with it.
2. The Contractor's insurance shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the District.

B. Minimum Scope of Insurance

Contractor shall obtain or provide proof of insurance of the types described below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
2. Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors and personal injury and advertising injury. The District shall be named as an insured under the Contractor's Commercial General Liability insurance policy with respect to the work performed for the District.
3. Workers' Compensation coverage as required by the Industrial Insurance laws of the state of Washington.
4. Professional Errors and Omissions coverage.

C. Minimum Amounts of Insurance

Contractor shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident
2. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.
3. Professional Errors and Omissions insurance shall be written with limits no less than \$1,000,000 per claim and \$1,000,000 policy aggregate limit.

D. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

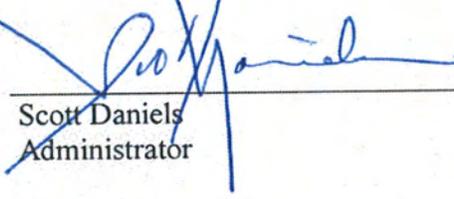
E. Verification of Coverage

Contractor shall furnish the District with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Contractor before commencement of the work.

- X. **Safeguarding of Information:** The use or disclosure by Contractor of any information or documents obtained by the Contractor in the course of contract performance for any purpose not directly connected with Contractor's responsibilities under this Agreement is prohibited except as may be required by law.
- XI. **Statutory and Regulatory Compliance:** Contractor shall comply with all applicable federal, state, and local laws, regulations, guidelines, and standards in the performance of this Agreement.
- XII. **Certification Regarding Suspension and Debarment:** The Contractor, by completing and returning to the District the "Debarment, Suspension, Ineligibility or Voluntary Exclusion Certification Form", and completing, signing and returning to the District the "Certification Regarding Debarment, Suspension, Ineligibility or Voluntary Exclusion for Lower Tier Covered Transactions" form, certifies that it is not debarred, suspended, or proposed for debarment by any federal agency.
- XIII. **Non-Discrimination:** Contractor shall not discriminate against any employee or applicant for employment because of race, color, sex, religion, national origin, creed, marital status, age, Vietnam era or disabled veteran status, sexual preference, or the presence of any sensory mental or physical handicap.
- XIV. **Amendment:** This Agreement may be modified only by a written amendment executed by authorized representatives of both parties.
- XV. **Termination:** This Agreement may be terminated by either party upon giving at least thirty (30) days advance written notice to the other party.

XVI. **Entire Agreement:** This Agreement constitutes the entire agreement between the parties regarding its subject matter. Any oral or written representations not expressly incorporated in this Agreement are specifically excluded.

KITSAP PUBLIC HEALTH DISTRICT _____

By: 
Scott Daniels
Administrator

Date: 4-5-16

CRAFT3

By: 
David Oser
Executive Vice President
Craft3

Date: 4/20/16

Funding Source
Program: _____
Federal Contract/Grant _____

EXHIBIT A

KPHD Contract 1518

Professional Services Agreement

Between Kitsap Public Health District and Craft3

SCOPE OF WORK AND BUDGET

Background and Purpose:

The Kitsap Public Health District (KPHD) Water Pollution Identification and Correction Program is contracting with Craft3 for lending and loan management services related to a regional onsite sewage system repair loan program. The intent of the program is to offer inclusive and affordable financial assistance to property owners with failing onsite sewage systems. The program will cover Kitsap, Jefferson, Mason and Clallam counties. These loans will reduce financial barriers to compliance and contribute to an improvement in marine, saltwater estuary, stream and ground water quality, which benefits public health and shellfish harvesting areas.

Funding:

The Washington State Department of Ecology (Ecology) supports this work through a \$1,000,000 Clean Water State Revolving Fund (SRF) Loan, and a \$494,981 Centennial Clean Water Fund Grant to KPHD to help finance a regional onsite sewage system repair loan program for Kitsap, Mason, Jefferson and Clallam Counties. This Agreement pertains only to the SRF Loan award. A separate Agreement governs the use of Grant funds. Craft3 will provide a minimum of \$494,981 of match to the Centennial Clean Water Fund Grant through a combination of new loans utilizing SRF funds, and loans utilizing other funding sources since July 1, 2014.

Task Summary:

Craft3 will work with KPHD and our regional partners to develop and administer a Clean Water Loan Program that provides financial assistance to property owners with failing onsite sewage systems in the four-county area. The loan will cover 100% of all costs associated with the design, permitting and installation of an approved OSS repair/replacement. In certain areas, loans may also cover 100% of the cost of connection to the municipal sewer system. Craft3 is responsible for any loan loss reserves it decides to set aside. Loan and grant dollars from this award will not be used for this purpose.

Task 1 Loan Program Administration:

Craft3 will provide loans to private entities to repair or replace failing on-site sewage systems in accordance with program guidelines and federal / state consumer lending regulations. Craft3 will administer the loan in accordance with the Clean Water Loan Guidelines. Craft3 will be solely responsible for making credit decisions and setting loan rates, terms, and repayment

structure. Craft3 will consult with the Advisory Board and seek to build consensus, where possible. Craft3 will also be responsible for setting and maintaining its own Loan Loss Reserve.

Task 2 Regional Marketing Plan:

Craft3 will work with program partners to implement a regional marketing program that ensures available dollars are fully and properly utilized. Craft3 and the program partners shall have responsibilities in the implementation of the marketing plan. At minimum, Craft3 will develop and provide marketing collateral pieces (e.g. loan brochure), a loan website, and contractor marketing toolkit.

Task 3 Advisory Board:

Craft3 will participate in a program advisory committee made up of representatives from Kitsap, Mason, Jefferson and Clallam Counties. Meetings will be quarterly, two face to face, and two by teleconference (unless otherwise decided by the advisory board). Craft3 will prepare meeting agendas and minutes.

Task 4 Reporting:

Craft3 will prepare quarterly program reports annually and deliver to KPHD and the other program partners by April 10th, July 10th, October 10th, and January 10th. These reports and other updates will be shared with the Advisory Board during each meeting. These reports will include a breakdown of the following:

- For Task 1 - 4, a description of the work completed during the reporting period
- A list of loans made during the quarter, and a cumulative list since project inception, including loan number, county, owner name, address, latitude/longitude, interest rate, loan amount, date funded, and county approval date.

Task 5 SRF Loan Repayment:

Craft3 is responsible for repayment of all SRF loan funds utilized pursuant to this Agreement. On June 30, 2018 (or a later date negotiated between KPHD and Ecology), Craft3 will initiate direct loan payments to Ecology utilizing Ecology's EAGL grant management system pursuant to a final loan repayment schedule negotiated between KPHD and Ecology. The contractor will pay off the loan no later than June 30, 2022.