



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

April 17, 2001

Motion 11172

Proposed No. 2001-0183.1

Sponsors Phillips and Nickels

1 A MOTION authorizing the King County executive to enter
2 into an interagency agreement with the Washington state
3 Department of Community, Trade, and Economic
4 Development; and defining the areas of collaboration
5 needed to implement a brownfields cleanup revolving loan
6 fund grant.

7

8

9 WHEREAS, the United States Environmental Protection Agency (EPA) has
10 established a Brownfields Economic Redevelopment Initiative to empower states, local
11 governments, communities and other stakeholders to work together in a timely manner to
12 prevent, assess and safely clean up brownfields in order to facilitate their sustainable
13 reuse, and

14 WHEREAS, King County and the city of Seattle, through their joint EPA-funded
15 brownfields showcase community program, are actively promoting the assessment,
16 cleanup and redevelopment of contaminated sites in King County, and

17 WHEREAS, the Washington state Department of Community, Trade, and

18 Economic Development (CTED) has applied for an EPA brownfields cleanup revolving
19 loan fund (BCRLF) grant on behalf of CTED, King County and the cities of Seattle and
20 Tacoma, and

21 WHEREAS, the EPA has officially notified CTED that the coalition's application
22 to establish a BCRLF to cleanup contaminated sites was accepted;

23 NOW, THEREFORE, BE IT MOVED by the Council of King County:

24 The King County executive is authorized to enter into an interagency agreement
25 with

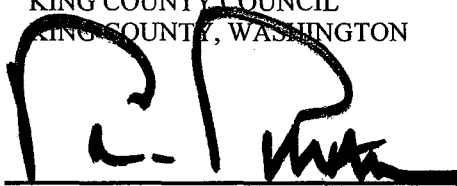
Motion 11172

26 CTED, substantially in the form of Attachment A to this ordinance, to implement the
27 BCRLF grant.
28

Motion 11172 was introduced on 3/26/01 and passed by the Metropolitan King County Council on 4/16/01, by the following vote:

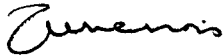
Yes: 12 - Mr. von Reichbauer, Ms. Miller, Ms. Fimia, Mr. Phillips, Mr. Pelz, Mr. McKenna, Ms. Sullivan, Mr. Nickels, Mr. Pullen, Mr. Gossett, Ms. Hague and Mr. Thomas
No: 0
Excused: 1 - Mr. Irons

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Pete von Reichbauer, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments A. Interagency Agreement between the Washington State Department of Community Trade and Economic Development, Office of Trade and Economic Development and King County

11172

Attachment A
2001 183

**INTERAGENCY AGREEMENT
BETWEEN THE
WASHINGTON STATE DEPARTMENT OF COMMUNITY,
TRADE & ECONOMIC DEVELOPMENT
OFFICE OF TRADE & ECONOMIC DEVELOPMENT
AND
KING COUNTY**

1.0 PARTIES TO THE AGREEMENT

This Agreement is made and entered into by and between the Department of Community, Trade and Economic Development, Office of Trade & Economic Development, hereinafter referred to as "OTED," and King County.

WHEREAS the U.S. Environmental Protection Agency (EPA) has established a Brownfields Economic Redevelopment Initiative to empower states, local governments, communities, and other stakeholders to work together in a timely manner to prevent, assess, and safely clean up brownfields in order to facilitate their sustainable reuse; and

WHEREAS OTED is responsible for promoting community and economic development within the state by assisting the state's communities to increase the quality of life of their citizens and their economic vitality; and the Legislature through RCW 43.330.040 has granted OTED broad authority to solicit, accept, and manage grant and loan programs, and OTED has demonstrated experience in managing revolving loan funds; and

WHEREAS the counties within the State of Washington have authority under RCW 36.01.085 to engage in economic development programs and the 1994 King County Comprehensive Plan states that the County, in collaboration with cities, other local jurisdictions and the development community, should create and fund a process to cleanup and reclaim polluted industrial areas in order to expand the land available for industrial development; and

WHEREAS OTED and King County desire to create a coalition and partnership to facilitate the cleanup of brownfield properties in and around the City of Seattle and King County; and

WHEREAS EPA has officially notified OTED that the coalition's application to establish a Brownfields Revolving Loan Fund (BCRLF) to cleanup contaminated sites was accepted;

THEREFORE all parties mutually agree to the following:

4.0 ADMINISTRATIVE COSTS/COMPENSATION

Total initial EPA grant funds available to King County for services and loans during this contract period shall be \$500,000. Of these funds, \$425,000 is reserved for loans selected and pre-qualified by King County, up to \$20,000 for King County's administrative costs, and up to \$55,000 for OTED administration and fund management activities. The King County budget is set forth in Attachment D, which is incorporated by reference into this Agreement.

Monies for revolving loans beyond the initial grant funding will be available from principal repayment, interest earned, and interest on account. Up to ten percent of repaid principal and up to 100 percent of the borrower's interest payments and interest on account may be used for eligible King County administrative costs subject to fund manager approval. Any additional King County administrative fees above the \$20,000, will be negotiated on a task basis. All efforts will be made to minimize administrative costs.

5.0 ADMINISTRATIVE DISBURSEMENTS

Funds shall be disbursed from OTED to King County on an "actual expense" reimbursement basis. King County shall submit a current invoice voucher on an A-19 form. The invoice and supporting documentation shall identify the costs incurred for work performed since the previous invoice was submitted.

Only eligible project-related costs will be reimbursed as defined in the King County Budget, Attachment D. These include administrative expenses for Goods and Services; costs associated with public involvement and marketing/advertising the BCRLF project; and for meals, lodging, or transportation for staff working directly on the project. Ineligible costs include, but are not limited to: hosting expenses such as meals, lodging, or transportation incurred by other persons not assigned to the project, or other costs which are not directly related to the BCRLF project. Travel for brownfields conferences/meetings will be reimbursed only if approved in advance by EPA.

The final invoice covering costs incurred for work performed on or before September 30, 2005 must be submitted by King County within 90-days of completion of the contract period.

6.0 HOLD HARMLESS

Each party shall protect and hold harmless the other parties from and against all claims, suits or actions arising from any negligent act or omission of that party's employees, agents and/or authorized subcontractor(s) while performing under the terms of this Interagency Agreement.

11.0 REDUCTION OF SCOPE

OTED may unilaterally terminate all or part of this contract, or may reduce its scope of work and budget, if there is a reduction in funds by the source of those funds, and if such funds are the basis for this contract. Such termination will not affect OTED's obligation to reimburse King County for services already rendered.

12.0 ASSIGNMENT

This Agreement, and any claim arising under this Agreement, is not assignable or delegable by OTED or King County, either in whole or in part.

13.0 ORDER OF PRECEDENCE

In the event of an 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. Cooperative Agreement between EPA and OTED;
- c. Statement of Work; and
- d. Any other provisions of the Agreement whether incorporated by reference or otherwise.

14.0 CONTRACT ADMINISTRATION

- a) For King County, work performed hereunder shall be performed under the coordination of Lucy Auster, 206-205-0711, Economic Development Specialist in the King County Office of Regional Policy and Planning, who may issue written instructions that do not change the contract conditions needed to accomplish the scope of work.
- b) For OTED, work performed hereunder shall be under the direction of Kathy Chance (360) 586-4848, Managing Director, Business Technical Assistance Unit of OTED, who may issue written instructions that do not change the contract conditions that are needed to accomplish the scope of work. A project manager responsible for day-to-day operations will be appointed.

**STATEMENT OF WORK
BROWNFIELDS REVOLVING LOAN FUND AGREEMENT
BETWEEN OTED AND KING COUNTY**

1.0 INTRODUCTION

OTED, King County, the City of Seattle and the City of Tacoma collaboratively applied for an EPA Brownfields Cleanup Revolving Loan Fund (BCRLF) grant. King County, in conjunction with the City of Seattle, was awarded \$500,000 to implement this grant program within the city and county.

OTED is entering into a Cooperative Agreement with EPA to administer the BCRLF grant. OTED will serve as Lead Agency and Fund Manager. King County, in coordination with the City of Seattle, will perform marketing, outreach, site selection, loan evaluation/recommendation, and public involvement for BCRLF activities in King County and the City of Seattle.

This Statement of Work sets forth the work to be performed by and between OTED and King County for the \$500,000 in BCRLF monies. King County and the City of Seattle pilot anticipates that its primary users will be projects located in the City and County's Manufacturing Industrial Centers (MICs), including the Duwamish MIC. Loan recipients will be expected to reuse the property for industrial or commercial purposes, to create or retain jobs, and to use graduates from the King County and City of Seattle Jobs Initiative training programs as their first source of hiring referrals for cleanup, construction and permanent jobs.

King County will be the fiscal agent and manager of this program on behalf of King County and the City of Seattle. The King County Office of Regional Policy and Planning will continue to work closely with the City of Seattle Office of Economic Development to implement the King County/Seattle portion of the BCRLF.

2.0 WORK PLAN/TASKS

The following tasks will be performed by King County, in coordination with the City of Seattle, to develop and implement the BCRLF program.

Task 2.1 Program Development

King County will work together with OTED to perform the program development tasks set forth in Section 6.1, Phase 1 of the Cooperative Agreement. This collaborative approach to completing these tasks will include reasonable opportunities for discussion, review and comment by all parties. These collaborative program development tasks include the following:

Implementation Plan and Schedule

- Completion of a BCRLF Operations Flow Chart.
- Development of Loan Documentation, including guidelines, application forms, underwriting standards, loan terms and model loan documents.

Task 2.4 Loan Processing

OTED's Business Finance Unit will review and approve the King County loan recommendations. Should questions arise, OTEd will work with King County and/or Ecology, as appropriate, to resolve all questions. OTEd will close, disburse funds, and service all loans made through the BCRLF.

Task 2.5 Community Relations/Public Involvement

King County, in conjunction with the City of Seattle, will assume the lead responsibility for preparing and implementing a site-specific community relations plan for each BCRLF project within the City of Seattle and King County. All community relations activities will be conducted in accordance with CERCLA, 40 CFR 300.415 (n) of the NCP, and the BCRLF Administrative Manual Section V.B.3. This plan will include the identification of a spokesperson, community interviews (as appropriate), establishment of an information repository, a notice of availability of the EE/CA or its equivalent, and an opportunity for public comment. All Community Relations Plans will be provided to OTEd and EPA for approval prior to implementation.

Task 2.6 Reporting

King County will provide OTEd with quarterly status reports on cleanup projects in their area. These reports will be incorporated into OTEd's quarterly report to EPA and will be submitted to OTEd two weeks prior to OTEd's submittal deadline to EPA. Reports to EPA will follow the federal fiscal quarter. Each project report will include the extent of project completion, an explanation of significant cost or schedule variances, and status on performance measures identified in the Cooperative Agreement. King County will also provide OTEd with copies of all relevant documents. OTEd will provide King County with copies of each Quarterly Report.

3.0 PUBLIC RELATIONS

OTED's communication's office will provide public relations support and act as spokesperson for BCRLF topics that may impact the State. King County will designate a spokesperson to work with OTEd on site-specific events. The Ecology site manager/reviewer will provide support on technical issues.

Press releases will be provided to coalition members for review prior to release by OTEd. OTEd and King County may release joint press releases that contain local and state media interest. OTEd will provide all press releases or public relations materials to EPA in a timely manner.

4.0 TECHNICAL SITE MANAGEMENT

Ecology is responsible for reviewing all technical reports to ensure compliance with CERCLA, the NCP and MTCA. Comments and/or opinions on site eligibility will be provided to OTEd and King County.

by King County to participate in Brownfields conferences subject to EPA approval on an individual conference basis. All travel using BCRLF administrative funds is subject to EPA approval.

OTED and King County will seek to minimize administrative costs over the life of the project in order to maximize lending capacity of the BCRLF program. Program income generated through interest payments from the borrower and interest on account will return to the King County sub-account. Other program income, such as that generated through loan fees, will return to a general OTED account to help defray administrative costs associated with the program. Additional details will be developed prior to finalizing the implementation plan.

Should additional EPA BCRLF funds be received for further cleanups, new administrative fees and services are subject to negotiation between King County and OTED, and approved by EPA.

5.4 Loan Default

OTED and King County will make a reasonable effort to enforce the terms of the loan agreement including proceeding against the assets pledged as collateral to cover losses resulting from loan default. In the event of default, OTED will notify King County of the potential default situation providing King County the opportunity to work with the borrower in a non-legal framework. If this method is not successful, OTED will enter into a formal default process through the WA State Attorney General's office.

If cleanup is not complete at the time of default, OTED will document the amount repaid and the cleanup that took place prior to default, arrange to secure the site to protect public safety, and notify the EPA project officer.

All costs incurred by OTED for the default litigation and ensuring the site is secure will be recouped from the collateral with the remaining monies recouped paid to the King County BCRLF account.

6.0 CONTRACT CLOSEOUT

If no additional EPA funds are obtained for cleanup, closure of this Interagency Agreement is subject to closeout of the Cooperative Agreement between EPA and OTED. In this case, closeout will occur not later than five years from contract award.

King County will cooperate with OTED in closing out the Cooperative Agreement and Interagency Agreement in accordance with the BCLRF Administrative Manual Section VIII.2. All required closeout documents will be submitted, records maintained, and remaining principal and interest from the initial grant not obligated by loan agreement returned to EPA, unless otherwise authorized by EPA for use on other programs.

**Washington State Coalition
Brownfield's Cleanup Revolving Loan Fund**

Cooperative Agreement

**Between the
U.S. Environmental Protection Agency
And the
WA State Department of Community, Trade and Economic Development**

June 30, 2000

As amended August 17, 2000

Please address questions/comments to Sharon Kophs at SharonK@cted.wa.gov
360-586-8979

Or

Kathy Chance at KathyC@cted.wa.gov
360-586-4848

Key Terms and Definitions

Action Memorandum — Refers to a decision document that sets forth the preferred alternative for cleanup of a contaminated site.

BCRLF Program - Refers to the phases, tasks and activities related to the overall BCRLF as funded through the Cooperative Agreement with the Environmental Protection Agency (EPA).

BCRLF Pilot Project – Refers to each brownfields cleanup site chosen to receive a BCRLF loan with multiple parties participating in the site selection, loan, public involvement process.

BCRLF Local Partner – Refers to the King County, City of Seattle, and City of Tacoma participants in the U.S. EPA grant and having substantial brownfield sites in their jurisdictions that are targeted pilot project areas.

CERCLA (Superfund) Program – Refers to the Federal program that is administered by EPA to clean up releases of hazardous substances at contaminated sites.

Coalition Members - Refers to the parties that are jointly implementing the BCRLF program. This includes CTED, Ecology, King County, City of Seattle and City of Tacoma.

Consent Decree – Refers to a legal decree used by Ecology that identifies the site investigation and cleanup requirements and provides for settlement of liability. See WAC 173-340-520.

Engineering Evaluation/Cost Analysis (EE/CA) - Refers to a document that provides background about the site, an analysis of the contaminants at a site, and an evaluation of the alternatives that are available to address the contamination. The evaluation of alternatives must identify the objectives of the cleanup and analyze the effectiveness, feasibility and costs of the proposed alternatives. The EE/CA (or its equivalent) is required by EPA to ensure compliance with CERCLA and the NCP. The EE/CA must be available for public review and comment, and be documented in the administrative record.

Independent Cleanups – Refers to a cleanup action initiated by the site owner or operators, without formal Ecology oversight. The parties file reports to Ecology and may request consultation through the Voluntary Cleanup Program.

National Contingency Plan (NCP) – Refers to the regulations that EPA and other federal agencies must follow in responding to releases of hazardous substances or oil into the environment. The complete title is the National Oil and Hazardous Substances Pollution Contingency Plan.

No Further Action Letter (NFA) – Refers to a letter issued by Ecology through their Voluntary Cleanup Program that indicates the cleanup meets state requirements and no further remedial

COMMON ACRONYMS

BCRLF – Brownfields Cleanup Revolving Loan Fund

CERCLA – Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund)

CTED – The Washington State Department of Community, Trade, and Economic Development

EE/CA - An Engineering Evaluation/Cost Analysis

MTCA – Model Toxics Control Act

NCP – National Oil and Hazardous Substances Contingency Plan

NFA - No further action required.

NPL – Superfund National Priorities List of Hazardous Waste Sites

O&M – operations and maintenance

PRP – Potentially Responsible Person

VCP – Department of Ecology's Voluntary Cleanup Program

VOC – Volatile Organic Compound

partners. CTED will administer \$425,000 in loan funds for statewide rural and/or distressed area loans.

The King County/Seattle pilot anticipates that its primary users will be projects located in the City and County's Manufacturing Industrial Centers (MICs), including the Duwamish MIC. Loan recipients in the pilot area will be expected to reuse the property for industrial or commercial purposes, to create or retain jobs, and to use graduates from the King County and City of Seattle Jobs Initiative training programs as their first source of hiring referrals.

The City of Tacoma is targeting the downtown and Thea Foss Waterway, South Tacoma Industrial area, and the Port of Tacoma as its pilot areas. Sites chosen within these pilot areas will be from non-National Priority List (NPL) designated areas. Citywide, approximately 650 sites have been identified with varying degrees of contamination. The City's Federal Enterprise Community overlays much of the target area and encompasses the City's highest poverty rates. Approximately 46 percent of the residents in the zone live below the poverty level.

CTED will focus on rural and/or distressed communities. The statewide funds will be directed at properties identified through EPA Targeted Assessments, by public or private owners, or sites identified through the state's Model Toxics Control Act (MTCA).

All pilot sites represent significant opportunity for environmental justice cleanups, (see demographic information in Attachment A, Brownfields Pilot Sites). Additional partners may be brought into the coalition through targeted outreach to communities and existing EPA pilot assessment sites.

1.4 Authorities

No BCRLF funds will be used on NPL sites, or, on sites proposed for listing on the NPL. All brownfields cleanups will be done in accordance with federal regulations including the Comprehensive Environmental Response, Compensation Liability Act (CERCLA) and pursuant to the non-time critical removal requirements in the National Contingency Plan (NCP). All BCRLF cleanups will be performed under Washington State's MTCA, primarily through the Voluntary Cleanup Program. An occasional cleanup may require a state formal action.

2.4 Fund Manager

CTED will serve as the Fund Manager and be responsible for financial management of seed capital and program income. CTED and the local partners will work together to establish the BCRLF financial objectives, develop the general loan-underwriting criteria, and the site selection criteria. CTED's Business Loan Portfolio staff and the local partners will perform loan underwriting, documentation, credit analysis, and financial review for the BCRLF program.

CTED will use their existing loan review board for review and final approval on the statewide loans. The board is composed of three representatives each from Eastern and Western Washington. Members include business owners, officials, private-sector bankers, and local leaders.

The local partners will market and package their BCRLF loans using city and county loan specialists. Each partner will identify and pre-qualify applicants within their jurisdictions, providing a credit memorandum to CTED with its technical and financial recommendations for funding. The King County/City of Seattle BCRLF Loan Committee will be comprised of 3-5 individuals with extensive experience in financial analysis, including commercial lending experience, SBA 7A lending experience, HUD lending experience and community development lending experience. This committee will evaluate the economic viability of a project and the financial capability of the applicant.

Sites will be selected and recommendations made based on specific site and loan selection criteria. Initial criteria are outlined in Attachment B, Loan Application Criteria. These criteria will be further developed and submitted to EPA in the Implementation Plan. Each local partner may choose to add additional criteria to address selection needs based on the uniqueness of each target site area.

Ecology will review all loan applications for technical eligibility in the VCP and BCRLF programs in accordance with the NCP. Once Ecology accepts the site for the VCP, staff from CTED's Business Finance Unit will review the credit memorandum and approve the loan recommendations. Should questions arise, CTED will work with the local partners and/or Ecology to resolve all questions. CTED will close, disburse funds and service all loans made through the BCRLF. (See Section 3.4 for further description of the loan process.)

2.5 Local Partners

King County/Seattle and the City of Tacoma are coalition members and local partners. The local partners will identify projects within their jurisdictions and lead all public involvement activities for those projects. Local partners will direct their loan funds to the clean up properties in their targeted areas. Local partner funds will be maintained in separate accounts with all repaid principle and interest returned to those accounts to administer and clean up further properties in their targeted areas.

3.0 PROGRAM FUNCTIONS

3.1 Marketing/Outreach

CTED will broadly market the BCRLF program through media, brochures, area publications and targeted contacts. A *notice of available funds* will be published in key newspapers and placed on the home pages of CTED, Ecology, and the local partners. A marketing packet describing the BCRLF program will be developed and provided to media, business organizations, banks, and other appropriate sources.

Local partners will market to their targeted communities through newspapers, mailings, presentations, kiosks, and banking establishments. Various business and neighborhood associations are already a part of the redevelopment efforts in King County/Seattle and the City of Tacoma and will help disseminate BCRLF information.

CTED will work with the local government, port districts, elected officials, private owners, and associated stakeholders to market the BCRLF program in the rural, distressed areas. CTED's business loan staff, who have existing relationships with bankers and the rural community leaders, will assist in the marketing efforts.

3.2 Community Relations

A site-specific community relations plan will be prepared describing the techniques and approaches appropriate and relevant for each cleanup site receiving a loan through the BCRLF program. All community relation's activities will be conducted in accordance with CERCLA, 40 CFR 300.415(n) of the NCP, the BCRLF Administrative Manual Section V.B.3, and the NCP 300.820. The following steps will be used as a basis for developing specific plans:

- A spokesperson will be designated to inform the community of actions taken, respond to inquiries, and provide information.
- Interviews will be conducted as appropriate with local officials, community residents, public interest groups, or other interested and affected parties.
- A community relations plan will be prepared based on the community interviews prior to approval of the final EE/CA specifying the community relations activities that will be undertaken during the cleanup.
- At least one information repository will be established at or near the location of the cleanup action that includes public information related to the cleanup. The public will be informed of the repository and notice provided of the availability of the administrative record for public review.
- A notice of availability of the EE/CA will be published in a major local newspaper of general circulation.

The Ecology site manager/reviewer will review and comment on this Action Memorandum to ensure compliance with CERCLA, the NCP, and ARARs. CTED, or the local partner, will respond to and/or oversee the preparation of responses to public comments received during the public comment period. CTED will ensure that all responses to public comment become a part of the Action Memorandum.

Once the Action Memorandum is accepted by Ecology, CTED will approve the Action Memorandum and execute the loan. The BCRLF loan for cleanup shall not be closed until the public comment period is complete and any modifications made to the EE/CA that reflect the public comments received. In limited circumstances, an interim loan may be executed to fund an EE/CA prior to public comment.

The Ecology site manager/reviewer will review and comment on the final cleanup design and implementation plan, including the construction and design plan, monitoring plans, any confirmation sampling plan, quality assurance plan, and a health/safety plan. Any sampling plans will be submitted to EPA for approval prior to onsite sampling.

Once cleanup plans are accepted by Ecology, CTED will notify the borrower that they may proceed with cleanup. The cleanup action must be completed within 12 months from *initiation of onsite cleanup action* (to be verified in the implementation plan) unless extension is specifically granted by EPA Region 10. Site controls beyond 12 months cannot be funded with BCRLF monies, without an exception granted by EPA.

The Ecology site manager/reviewer will monitor activities at the site during cleanup. A reasonable number of site visits appropriate for the removal action will be determined between CTED and Ecology and established in the cleanup plan. Monitoring will include periodic site visits with feedback to the borrower available. Cleanup progress noted on the site visits will be documented through a letter to Ecology's cleanup file and through CTED's quarterly progress reports to EPA.

Upon completion of the cleanup, the Ecology site manager/reviewer will review and comment on the final report. The final report is prepared by the applicant and describes the initial situation, the response taken, problems encountered, and the cleanup levels achieved.

The lead agency and site manager/reviewer will monitor cleanup activities, report progress, and ensure completion of the cleanup by reviewing the final report. If appropriate, a "No Further Action" letter will be issued by Ecology following a successful review of the final cleanup report.

3.4 Loan Processing

CTED's Business Loan Portfolio staff will perform loan underwriting, documentation, credit analysis, and financial review for the BCRLF rural program. CTED will present their BCRLF loans to their existing Rural Loan Review Board for loan approval.

4.0 FINANCIAL ADMINISTRATION

CTED has the authority to manage grant and loan programs promoting brownfields redevelopment pursuant to RCW 43.330.040. CTED's Business Loan Portfolio staff will provide efficient methods for coordinating, monitoring, documenting, disbursing and collecting revolving loan funds. CTED currently manages several federally funded revolving loan funds.

4.1 Fund Management

CTED will ensure that the BCRLF is managed in conformance with the Cooperative Agreement and the BCRLF Administrative Manual, Section VI.C, and in accordance with prudent lending practices for federally assisted public loan programs.

The BCRLF funds will provide revolving loan financing for the brownfields cleanup portion of a redevelopment project, including potential payment for development of the EE/CA. Other fund sources will be identified and used for assessments, construction, and long-term financing. Where possible, the BCRLF monies will be leveraged with other financing and technical assistance programs offered throughout the state and local communities.

In developing the loan terms, CTED and the local partners will develop financing terms that encourage an array of borrowers to cleanup contaminated property and to repay the loan. The terms of each loan will retain a degree of flexibility in order to adapt to the particular needs of each borrower and community. To maintain flexibility, the coalition members will establish a range of acceptable loan terms with repayment terms subject to negotiation with the borrower. The private banking community and the business community will be consulted during the establishment of these loan terms. BCRLF terms may be developed around the following general considerations:

Loan Amount - It is expected that BCRLF loan amounts will range from a minimum of \$10,000 to a maximum of \$425,000.

Loan Terms - The loan term will be determined on a project-by-project basis, but shall not exceed five years. (A shorter repayment period may be established by each local partner.) All borrowers will be encouraged to repay loans as quickly as possible. All loans will be required to have a first and secondary source of repayment; the first source of repayment being from a take-out commitment from a local or private lender, and the second being from sale of assets held as collateral, which are outside the project.

Rate - Loan interest rates will be based on the loan amount, term, and collateral, with the expectation that interest rates will be below market rate. It is expected that market rate will be established by the prevailing prime interest rate charged by the money center banks as quoted in the Wall Street Journal at the time of loan commitment.

Loan Fees - Loan fees may be charged on the amount borrowed, at a maximum percentage rate of up to 2% of the total loan. It is currently anticipated that the Attorney General will perform

4.3 Capital Utilization

CTED will require that committed funds be fully obligated 12 months following initiation of onsite cleanup action. Following execution of a loan agreement, funds will be transferred directly from EPA into a BCRLF sub-account and drawn down on a direct reimbursement basis from receipts. An applicant may be given the option of selecting scheduled disbursements if individual conditions warrant.

Capitalization funds will be obligated within the first three years of the BCRLF program. Every attempt will be made to obligate 50% of initial grant funds within the first 18 months, 80% within 24 months, and 100% within 36 months from award.

Program income shall be defined as the gross income received by the Cooperative Agreement recipient, directly generated by the cooperative agreement award or earned during the period of the award. Program Income includes principal repayments, interest earned on outstanding loan principal, interest earned on accounts holding BCRLF program income not needed for immediate lending, all loan fees and loan-related charges received from borrowers, and other income generated from BCRLF operations.

In accordance with 40 C.F.R. §31.25 (g)(2), CTED requests authority to account for Program Income by the addition method (adding program income to the funds awarded by the EPA). CTED and its partners shall use the Program Income under the terms and conditions of this agreement, including eligible administrative costs and BCRLF environmental response requirements, and in accordance with the BCRLF administration manual Section VII-6.

Up to ten percent of repaid principal and up to 100% of interest and fees may be deducted from funds available for re-lending to cover administrative costs. However, the fund manager in collaboration with the local jurisdictions will seek to minimize administrative costs over the life of the project in order to maximize lending capacity of the BCRLF program. It is anticipated that program income generated through interest payments from the borrower would return to the respective sub-account for each of the three jurisdictions. Other program income, such as that generated through loan fees, would return to a general CTED account to help defray administrative costs associated with the program. Additional details will be developed prior to finalizing the implementation plan.

Site-specific community relations and public involvement activities that are not administrative costs (and therefore not subject to the 15% limitation) may be funded with a portion of the remaining BCRLF funds.

Borrower administrative costs will be included in each loan agreement and will not exceed 10% of the borrowed funds, including costs for BCRLF response planning. CTED will define the borrower's administrative costs in each loan agreement. Borrower costs associated with the development of an EE/CA will not be considered administrative costs (and therefore not subject to the 10% limitation).

5.5 Reporting

CTED will provide quarterly reports to EPA on programmatic and site-specific BCRLF performance within 30 days of the end of each Federal fiscal quarter. Reporting on key measures will be included in the quarterly progress reports along with an explanation of work accomplished during the reporting period, costs incurred, loan and repayment activity, funds dispersed, and planned expenditures.

Local partners will provide CTED with quarterly status reports on cleanup projects in their area. These reports will be incorporated into CTEC's quarterly report to EPA. Each project report will include percentage of project completion and an explanation of significant cost or schedule variances.

5.6 Records Maintenance

Records will be maintained in accordance with 40 CFR § 35.6705. Documentation on how borrowers were selected, the criteria that was met, the loan documentation and any other source documents on loan or site selection will be recorded and maintained as required. All accounting records for the loan/borrower will be maintained for ten years.

The lead agency will document all legal fees and administrative costs paid for through BCRLF funds. Accounting records and source documents to substantiate the amount of and percent of program income expended for eligible BCRLF administrative costs will be maintained. Records will be maintained for ten years after submission of the Financial Status Report, the closeout of the Cooperative Agreement, completion of the audit, and/or for the length of the loan, if longer than ten years.

5.7 Performance Measures

The success of the BCRLF program will be evaluated through the following performance measures. Each measure will include progress during current quarter and cumulative performance. Measures will delineate between tasks funded by the cooperative agreement and those funded from other sources.

6.0 TASKS AND DELIVERABLES

BCRLF program development will begin as soon as BCRLF funds are authorized. An implementation plan will be submitted to EPA defining the BCRLF process. The BCRLF program will be developed, implemented and managed through four phases:

Phase I	Planning and Program Development
Phase II	Program Implementation
Phase III	Program Expansion
Phase IV	Program Completion

6.1 Phase I - Planning and Program Development

Task 1: Establish BCRLF Accounts

Associated Expense: \$0.00

Target Date: Prior to award

Submit letter to the Washington State Treasurer for authorization to establish local accounts. Establish project codes with budgets office, develop accounts and invoicing procedures.

Responsible parties: CTED Manager of Accounting and Budget, project manager.

Task 2: Formalize Agreements

Associated Expense: \$0.00

Target Date: Prior to award

Subtask 2.1: Finalize Memorandum of Agreement

Finalize a Memorandum of Agreement (MCA) between CTED and the Department of Ecology to formalize the relationship and roles of CTED as lead agency and grant recipient, and Ecology as the VCP Coordinator, site manager/reviewer, and technical support for the BCRLF program.

Subtask 2.2: Finalize Interagency Agreements

Finalize Interagency Agreements (IA) between CTED and King County, the City of Seattle, and the City of Tacoma as local partners. The IA will define the responsibilities of the partners in marketing, community relations, loan review, and other aspects of the BCRLF program.

Task 3: Develop Implementation Plan

Associated Expense: \$20,887 (includes CTED salary, benefits, indirect)

Target Date: 90 days from award

Subtask 3.1: Complete BCRLF Operations Flow Chart

A flow diagram will be developed to identify each step in the BCRLF process. This diagram will describe the BCRLF program by identifying each step in the environmental

Subtask 3.4: Develop Technical Review Process

Activity 3.4.1: Develop EE/CA Checklist - The VCP is already well documented. A checklist for submitting site assessments and completing and/or submitting the EE/CA for Ecology review will be prepared. The guidelines will include the estimated processing time, responses, and required applicant steps. A checklist of major NCP tasks, related documents, and responsible parties will also be developed.

Activity 3.4.2: Develop Confirmation Sampling/Evaluation, QA, H&S guidelines
Detailed guidance describing sampling and analytical methods, quality assurance plans, and health/safety requirements exist. A checklist and/or summary of information required in the plans will be prepared

Responsible parties: Ecology, CTED, local partners.

Subtask 3.5: Prepare Model Community Relations Plan

Guidelines and a form for preparing a community relations plan will be prepared consistent with CERCLA and non-time critical removal guidelines. A model Community Relations plan will be developed to support consistent public involvement processes and public involvement planning.

Responsible parties: CTED, local partners, Ecology.

Task 4: Develop Marketing and Outreach Materials

Associated Expense: \$23,662

Target Date: 60 days following completion of Tasks 1-3

Subtask 4.1 Create marketing/outreach plan

A targeted marketing/outreach strategy will be developed identifying specific groups, developers, lenders, et al and local and statewide mediums for advertising BCRLF availability.

Subtask 4.2 Create marketing materials

Marketing materials will include a BCRLF Fact Sheet, brochure, an information packet with site and financial requirements, a less detailed media/legislative packet, and a public speaking presentation. All marketing materials will be reviewed and shared between coalition members. Each member may tailor materials to meet local descriptions and requirements.

Subtask 4.3 Update Web Pages

Coalition members will update local web pages with BCRLF program information.

Responsible parties: CTED, Ecology, and local partners.

Subtask 7.1: Perform project and loan coordination (level of effort)

CTED's Project Manager will coordinate activities between coalition members, EPA Region 10, and CTED's business portfolio managers to ensure timely response on all BCRLF actions.

Subtask 7.2: Perform fund management - financial tracking, invoicing, disbursements

Local partners will provide invoices to CTED for reimbursement of administrative fees as expensed or quarterly.

Subtask 7.3: Monitor and Audit

CTED's Business Technical Services unit will monitor participants for program compliance with the requirements of the Administrative Manual. Yearly audits will be conducted of all recipients of BCRLF monies.

Subtask 7.4: Prepare Quarterly Progress Reports

Quarterly written progress reports will be provided to EPA at the end of each federal quarter. Local partners shall provide financial and program status information to CTED for inclusion in the reports. CTED will maintain records on all post-award program income.

Subtask 7.5: National Coordination and Outreach

Participate in national conferences or conference calls on the National Brownfield Redevelopment Initiative, subject to EPA approval.

Responsible Parties: CTED, Ecology, local partners .

Task 8: Conduct Site Management

Associated Expense: \$0.00 Ecology VCP fees

Target date: Initiation of first BCRLF loan

Subtask 8.1 Review site information (Phase I/II) for eligibility in VCP and BCRLF

Subtask 8.2 Review/accept Approval Memorandum, or equivalent

Subtask 8.3 Review/accept EE/CA

Subtask 8.4 Review/accept Action Memorandum

Subtask 8.5 Monitor cleanup actions

Subtask 8.6 Review/accept final cleanup report

Subtask 9.7: Approve Action Memorandum/Notify borrower

Following public comment period, review EE/CA to ensure that responses to public comments are included in the Action Memorandum. Notify the borrower to proceed with completion of the EE/CA and cleanup design and construction plans.

Responsible Parties: CTED, Local Partners, Ecology

6.3 Phase III - Program Expansion

Task 10: Outreach to Other Assessment Pilots

Associated Expense: \$1,000

Target date: Commence following success with BCRLF loans, ongoing

Several pilot assessment sites are currently underway in Washington. CTED will conduct outreach to additional assessment pilots to become part of the coalition. The BCRLF would be expanded with an additional fund request for additional redevelopment projects. Expansion would also support the sustainable cooperative efforts.

Responsible Parties: CTED.

6.4 Phase IV – BCRLF Closeout

Task 11: BCRLF Closeout

Associated Expense: \$0.00 (Costs associated with closeout are program administration and are included in Task 7)

Target date: September 30, 2005

The BCRLF is intended to become self-sustaining through program income and repayment of loans. If no additional EPA funds are obtained for cleanup sites, closeout will occur in compliance with the Brownfield Administrative Manual Section VIII. In this case, closeout will occur not later than five years from contract award. This includes three years to obligate BCRLF monies and two years for disbursement of all award funds and program income, completion of all cleanups, and final payment request from the EPA.

All requested closeout documents will be submitted, records maintained and remaining principal returned to EPA unless otherwise authorized for use on another program. In the event that EPA authorizes use of these funds for another program, the funds remaining at the completion of this Cooperative Agreement in a particular partner's account will be allocated to such partner for their targeted brownfields cleanup programs.

Responsible parties: CTED, local partners.

Brownfields Pilot Project Site Demographics

Eligible Borrower	County	Priority Areas	Population (P) or Employed (E)	Eligibility Criteria	
City of Seattle/King County	King	King County MICs, including Duwamish Corridor (South Park and Georgetown)	11,581 (P) 19% poverty rate	Demonstration Pilot Env. justice communities Showcase Community Fed Enterprise Zone / State Community Empowerment Zone	203
City of Tacoma	Pierce	Downtown corridor/ Thea Foss Waterway So Tacoma Industrial/ Port of Tacoma (Nalley Valley Dist)	40.8% ethnic 1,305 businesses 20,000 (E) (18% vacancy rate) 10,000 (E) 30,000 (P)	Demonstration Assessment Pilot Enterprise Community with redevelopment plans underway	650 100
Statewide Summary	23	Economically disadvantaged and/or distressed rural communities	5,700,000* 969,000 Minority	23 of 29 counties classified as distressed	2,25

Additional Terms and Conditions

The borrower must participate in Ecology's VCP or other Ecology MTCA programs, including providing for payment of Ecology's oversight costs.

The property reuse purpose must adhere to local zoning requirements and the site must be remediated in adherence with Ecology and EPA's cleanup standards, including compliance with the non-time critical removal requirements in the National Contingency Plan (40 C.F.R. § 300.415).

The borrower will be responsible for ensuring that their environmental consultants secure performance bonding and workman's compensation for their employees. (The performance bond is to eliminate the possibility that a contractor might withdraw without adequately stabilizing and securing the site.)

The borrower is accountable for securing all required local, state and federal permits and licenses.

The borrower is required to submit progress reports. Reports will include a copy of the original budget for cleanup and line item amount to be drawn. Each report should include copies of invoices to be paid for cleanup work completed.

As part of the Underwriting Guidelines, the borrower must certify that loan documents can be executed and work will begin within 90 days of the approval. The CTED, in conjunction with the local partner, will review all applicant's financial documents to ensure the potential borrowers are well qualified to direct the redevelopment and have a past record of demonstrated success.

EPA Funding Information

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	\$	\$ 1,500,000	\$ 1,500,000
EPA In-Kind Amount	\$	\$	\$ 0
Unexpended Prior Year Balance	\$	\$	\$ 0
Other Federal Funds	\$	\$	\$ 0
Recipient Contribution	\$	\$	\$ 0
State Contribution	\$	\$	\$ 0
Local Contribution	\$	\$	\$ 0
Other Contribution	\$	\$	\$ 0
Allowable Project Cost	\$ 0	\$ 1,500,000	\$ 1,500,000

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.811 - Brownfield Pilots Cooperative Agreements	CERCLA: Sec. 104	40 CFR PTS 31 & 35 SUBPT O

Fiscal									
Site Name	DCN	FY	Approp. Code	Budget Organization	PRC	Object Class	Site/Project	Cost Organization	Obligation / Deobligation
	QBG008	00	T	10Q0D	50108D	4185	10000L00	C002	1,500,000
									1,500,000

Administrative Conditions

(Conditions No. 1 - 12)

1. Payment Information

For electronic transfer of payments, recipients may use either the Automated Clearing House (ACH) or the Automated Standard Application for Payment (ASAP) methods. Questions pertaining to ACH should be directed to Dennis Thurston at 206-553-2918, and questions pertaining to ASAP should be directed to Paul Steele at 206-553-0311.

To request payment by Treasury check or electronic deposit via the Integrated Financial Management System (IFMS), recipients must submit a "Request for Advance or Reimbursement," Standard Form-270, via FAX to EPA Region 10 Finance Unit at FAX # 206-553-6525, OR mail to EPA Region 10 Finance Unit, 1200 Sixth Ave, OMP-146, Seattle, WA 98101. Questions pertaining to IFMS should be directed to Paul Steele at 206-553-0311.

Under any payment method, recipients may request/draw down advances for their immediate cash needs, provided the recipient meets the requirements of 40 CFR 30.22(b) or 40 CFR 31.21(c), as applicable. Additionally, recipients must liquidate all obligations incurred within 90 calendar days of the project period end date. Therefore, recipients must submit the final request for payment or final draw-downs, and refund to EPA any balance of unobligated (unencumbered) cash advanced within 90 calendar days after the end of the project period.

2. Cost Principles/Indirect Costs Included

The cost principles of OMB Circular A-21 (Educational Institutions), A-87 (State or Indian Tribal Government), or A-122 (Non-Profit Organizations) are applicable, as appropriate, to this award. Grantees will not charge nor claim for reimbursement any indirect costs until a current, acceptable indirect cost rate has been negotiated with their cognizant Federal agency. The grantee must submit a copy of the Indirect Cost Negotiation Agreement to EPA, Region 10, Grants Unit, OMP-145, in order to be eligible to claim indirect costs against this award. Actual indirect costs charged may not exceed the final approved negotiated rate(s).

3. Audit Requirements

The recipient agrees to comply with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

4. Y2K Requirements

Recipient's assistance agreement may produce electronic date-sensitive data or systems that use such data. Any information technology purchased, produced, submitted or exchanged under this agreement must be capable of processing date data according to EPA's Data Standard for representation of calendar dates (EPA Directive 2100, IRM Policy Manual, Chapter 5, Data Standards). This information is located on

(d) The recipient agrees to follow the six affirmative steps or positive efforts stated in 40 CFR 30.44(b), 40 CFR 31.36(e), or 40 CFR 35.6580, as appropriate, and retain records documenting compliance.

(e) The recipient agrees to submit an EPA Form 5700-52A "MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements," beginning with the Federal fiscal year quarter the recipient receives the award and continuing until the project is completed. These reports must be submitted to the Office for Civil Rights and Environmental Justice, CEJ-163, 1200 Sixth Avenue, Seattle, WA 98101, within 30 days of the end of the Federal fiscal quarter (January 30, April 30, July 30, and October 30). For assistance awards for continuing environmental programs and assistance awards with institutions of higher education, hospitals and other non-profit organizations, the recipient agrees to submit an EPA Form 5700-52A to the Office for Civil Rights and Environmental Justice, CEJ-163, 1200 Sixth Avenue, Seattle, WA 98101, by October 30 of each year.

(f) If race and/or gender neutral efforts prove inadequate to achieve a "fair share" objective, the recipient agrees to notify EPA in advance of any race and/or gender conscious action it plans to take to more closely achieve the "fair share" objective.

EPA may take corrective action under 40 CFR Parts 30, 31, and 35, as appropriate, if the recipient fails to comply with these term and conditions.

9. Small Business in Rural Areas (SBRA)

If a contract is awarded under this assistance agreement, the recipient is also required to utilize the following affirmative steps:

(a) Place SBRA on solicitation lists.

(b) Make sure that SBRA are solicited whenever there are potential sources.

(c) Divide total requirements, when economically feasible, into small tasks or quantities to permit maximum participation by SBRA.

(d) Establish delivery schedules, where the requirements of work permit, which would encourage participation by SBRA.

(e) Use the services of the Small Business Administration and the Minority Business Development Agency of the U.S. Department of Commerce, as appropriate.

(f) Require the contractor to comply with the affirmative steps outlined above.

There is no formal reporting requirement for SBRA at this time; it is recommended that the recipient keep records of SBRA participation.

10. Quality Assurance Requirements

Acceptable Quality Assurance documentation must be submitted to the EPA Project

the BCRLF by operation of statutes, executive orders, and regulations other than CERCLA and associated administrative authorities. Federal environmental requirements will be identified and applied on a site-by-site basis as part of the BCRLF response selection process. Therefore, environmental statutes, executive orders, and regulations have not been included in the list of applicable cross-cutting requirements (see the BCRLF Administrative Manual Section IX.B., Applicable Cross-Cutters) except as they relate to specific social or economic issues. See the BCRLF Administrative Manual Section V.B.2.(c) Requirements of other environmental laws (i.e., ARARs) for a discussion on the application of environmental laws to BCRLF response actions.

3. Cross-Cutting Federal Requirements - Social and Economic

The cooperative agreement recipient is responsible for complying with all applicable social and economic cross-cutting requirements. EPA has developed a list of cross-cutting requirements that may apply to the BCRLF (see the BCRLF Administrative Manual Section IX.B.2., Social and Economic Cross-cutters for a list of cross-cutting requirements). Additionally, other cross-cutting requirements are referenced in Standard Form 424B, entitled "Assurances Non-Construction Programs." The cross-cutting list and Standard Form 424B may not, however, identify all cross-cutting requirements, and the cooperative agreement recipient is not relieved from responsibility for complying with a cross-cutting requirement because it is not included on the cross-cutting list or Standard Form 424B. The EPA will provide additional guidance on the applicability of specific cross-cutting requirements if requested to do so by the cooperative agreement recipient.

4. Cross-Cutting Federal Requirements - Flow Down Requirement to Borrower

Cooperative agreement recipients also are responsible for ensuring that borrowers, including borrowers receiving non-BCRLF loans guaranteed with BCRLF cooperative agreement funds, comply with all applicable cross-cutting requirements. A term, condition or other legally binding provision relating to cross-cutting requirements shall be included in all loan or financial assistance agreements entered into with funds provided under a BCRLF cooperative agreement. The cross-cutting list and Standard Form 424B identify cross-cutting requirements that may be applicable to borrowers. The cross-cutting list and Standard Form 424B may not, however, identify all cross-cutting requirements, and the cooperative agreement recipient is not relieved from responsibility for ensuring that borrowers comply with a cross-cutting requirement because it is not included on the cross-cutting list or Standard Form 424B.

5. Cross-Cutting Federal Requirements - When Applicable to Borrower

Cross-cutting requirements apply to loans that are funded under this cooperative agreement in combination with non-Federal sources of funds, and to loans awarded as a result of BCRLF loan guarantees, to the extent of the Federal participation in the loan. Cross-cutters apply not only to the initial loans made with Federal funds but also to subsequent loans made with program income derived from Federal participation in the fund. Within 90 days of the date of award (i.e., the cooperative agreement start date),

BCRLF costs it incurs for site-specific cleanup activities (e.g. workers compensation). Incidental insurance purchased by a borrower is not counted against the borrower's ten percent limit on administrative costs.

11. Insurance Coverage for the Cleanup - Need for Cost Approval

With U.S. EPA approval, BCRLF funds may be used by a borrower for the sole purpose of purchasing environmental insurance if the purchase of such insurance is necessary to carry out other removal activities. Removal activities associated with BCRLF funded insurance must be carried out in accordance with the terms and conditions of the cooperative agreement, CERCLA, and the NCP. U.S. EPA Regions must receive EPA Headquarters approval in order to authorize the use of BCRLF funds for the sole purpose of purchasing environmental insurance.

12. Cooperative Agreement Recipient Roles and Responsibilities - Lead Agency

The cooperative agreement recipient is the "lead agency" as defined in the NCP. The lead agency is responsible for ensuring that BCRLF response actions are conducted in conformance with CERCLA, the NCP, and the terms and conditions of this cooperative agreement. As the lead agency, the cooperative agreement recipient is also responsible for designating a qualified government employee as a "brownfields site manager" to coordinate, direct, and oversee BCRLF response actions at a particular site. The brownfields site manager is an on-scene coordinator (OSC) and is responsible for carrying out the OSC duties described in the NCP. The cooperative agreement recipient may acquire or otherwise engage the services of other entities that have experience with overseeing and carrying out environmental response actions to assist it in its capacity as lead agency; however, the role of "lead agency" cannot be assigned or delegated to any entity other than the cooperative agreement recipient.

13. Cooperative Agreement Recipient Roles and Responsibilities - Fund Manager

The cooperative agreement recipient shall act as or enlist the services of a "fund manager." Fund management responsibilities include those related to financial management of the cooperative agreement recipient's loan program. The cooperative agreement recipient may acquire or otherwise engage the services of other entities that have experience with fund management activities to assist the cooperative agreement recipient with fulfilling its fund management responsibilities; however, the cooperative agreement recipient remains accountable to EPA for the proper expenditure of cooperative agreement funds.

14. Cooperative Agreement Recipient Roles and Responsibilities - Flow Down Requirements to Borrower

The cooperative agreement recipient shall ensure that BCRLF borrowers comply with all federal and state requirements as well as the intent of the BCRLF program. The cooperative agreement recipient shall ensure that all parties (e.g. the lead agency, the brownfields site, and the fund manager) consult with each other prior to any final loan decisions and as loan agreements are developed to ensure that all BCRLF

Revolving Loan Fund (BCRLF) Pilots:

- a. Number of Properties with Cleanup Activities Started using BCRLF Funds;
- b. Number of Properties with Cleanup Activities Completed using BCRLF Funds;
- c. Number of BCRLF Loans Made;
- d. Amount of BCRLF Funds Loaned; and
- e. BCRLF Loan Applications Received.

19. Final Project Report

The recipient agrees to submit a final project report to summarize the accomplishments under this CA, and how the goals and objectives of the project were met. This report will be due to EPA ninety (90) days after the expiration or termination of the cooperative agreement, or as otherwise agreed. After review of the final report, the EPA Project Officer may request additional information of the recipient.

20. Travel Funds

The recipient may submit a written request to utilize funds under this Cooperative Agreement (CA) for travel expenses to attend Brownfields conferences or meetings. EPA will review these requests and may allow utilization of funds for such purposes. Funds shall not be utilized for this purpose without EPA approval. Note that separate requests must be made for each conference or meeting.

21. Media Activity

Copies of all press releases, fact sheets, media coverage, journal articles and similar publications related to this project should be provided to the EPA Project Officer in a timely manner.

22. Future Land Use

By awarding this CA, EPA is not endorsing or approving the future land uses that may be currently proposed for any brownfields site(s). Future land use issues may be considered by EPA, the state, the city and the community and factored into the cleanup requirements as deemed appropriate by the regulatory agencies.

FINANCIAL ADMINISTRATION REQUIREMENTS

23. Eligible Fund Uses

BCRLF funds shall be used for non-time critical removal activities only (as defined in CERCLA §101(23) and described in 40 C.F.R. §300.415).

24. Ineligible Fund Uses - Activities

BCRLF funds shall not be used for any of the following activities:

- a. Pre-cleanup environmental response activities, such as site assessment,

(3) That there is an enforcement entity who can ensure that the loan does not turn into a grant.

If a recipient chooses to Alend to self,@ borrower eligibility requirements would apply and the substantive terms of the agreement must be reviewed by EPA.

28. Borrower Eligibility - Generator or Transporter

The cooperative agreement recipient shall ensure that a party which is determined to be a generator or transporter of contamination at a brownfields site(s) is ineligible for a BCRLF pilot loan for that same site.

29. Borrower Eligibility - Owner/Operator

The cooperative agreement recipient may initially find that an owner/operator of a brownfields site(s) is an eligible borrower for a BCRLF pilot loan for that same site only if:

a.) The lead agency can determine that an owner/operator would fall under a statutory exemption from liability; or that the EPA could use its enforcement discretion to not pursue the party in question under CERCLA, or

b.) The lead agency determines that the borrower is an owner/operator of the contaminated brownfields property who acquired the property after the time of disposal or placement of hazardous substances, and if the lead agency determines that the owner/operator has not caused, contributed to, permitted, or exacerbated a release of a hazardous substance on or emanating from that property. As with other borrower eligibility determination, the decision of the lead agency as to whether an owner has caused, contributed to, permitted, or exacerbated a release of a hazardous substance is not a CERCLA liability determination and does not limit the enforcement authority of the Federal or state government. The lead agency must maintain documentation demonstrating the eligibility of the owner/operator. The lead agency must ensure that BCRLF pilots funds are not used for ineligible sites.

30. Borrower Eligibility - Compliance History

A borrower must submit information regarding its environmental compliance history. The cooperative agreement recipient will strongly consider this history in its analysis of the borrower as a cleanup and business risk.

31. Borrower Eligibility - Certification Regarding Penalties

Each borrower must certify that they are not currently, nor have they been, subject to any penalties resulting from environmental non-compliance at the site subject to the loan.

32. Borrower Eligibility - Debarment and Suspension

An entity that has been suspended, debarred, or otherwise declared ineligible cannot

by the EPA to have been an ineligible use of program income, the recipient shall reimburse the BCRLF or the EPA. EPA will notify the recipient of the time period allowed for reimbursement.

38. Administrative Costs - Limit on Initial Award

The cooperative agreement recipient shall use no more than 15 percent of the total initial award to cover a cooperative agreement recipient's (lead agency and fund manager) administrative and legal costs (e.g., insurance, loan processing, professional services, audit, legal fees, and state program fees), as negotiated between the U.S. EPA and the cooperative agreement recipient during the cooperative agreement application and award process.

39. Administrative Costs - Defined

Allowable administrative costs may include loan processing, professional services, administering the BCRLF, audit, legal fees, and state program fees. In addition, allowable administrative costs shall include the costs incurred by the cooperative agreement recipient in ensuring that the borrower complies with Federal requirements related to the agreement, such as public participation, worker health and safety, and interagency coordination.

40. Administrative Costs - Limit on Interest and Repayments

The cooperative agreement recipient shall use no more than ten percent of the borrower's principal repayments to the fund, and may use up to 100 percent of the borrower's interest payments and any program fees for eligible administrative costs. This is allowable for each loan made and repaid to the fund.

41. Administrative Costs - Limit to Borrowers

The cooperative agreement recipient shall allow borrowers to use no more than ten percent of borrowed funds for administrative costs. The cooperative agreement recipient (fund manager) shall negotiate with the borrower a limit of up to ten percent of the total loan to cover both administrative and cleanup response planning costs.

42. Future Funding

Neither EPA, nor any other federal agency has an obligation to provide any additional funding in connection with this award. Any renewal of this award to increase funding is at the sole discretion of the EPA.

43. Interest-Bearing Accounts

With respect to interest earned on advances, cooperative agreement recipients are subject to the provisions of 40 C.F.R. §31.21(i) and §35.6280(a)(2).

BCRLF ENVIRONMENTAL RESPONSE REQUIREMENTS

All BCRLF activities shall be conducted consistent with the community relations and public involvement requirements in the NCP.

51. Administrative Record

The cooperative agreement recipient shall establish an administrative record, consistent with the requirements in the NCP, which contains the information forming the basis for the selection of any BCRLF response action.

52. Implementation of BCRLF Response Actions - Ensure Adequacy

The cooperative agreement recipient shall ensure the adequacy of each BCRLF response as it is implemented. Each loan agreement shall contain terms and conditions which allow the cooperative agreement recipient to change response activities as necessary.

53. Implementation of BCRLF Response Actions - Unaddressed Threats

If the selected response action will not fully address threats posed by a release at a site, or a borrower is unable or unwilling to complete the BCRLF response, the Cooperative Agreement recipient shall ensure that the site is secure and poses no immediate threat to human health or the environment. The Cooperative Agreement recipient shall notify the appropriate state agency and the U.S. EPA to ensure an orderly transition to other appropriate response activities.

54. Completion of BCRLF Response

The cooperative agreement recipient shall ensure that the completion of a BCRLF response is documented in a report as described in the most current version of the *BCRLF Administrative Manual*.

55. State Voluntary Cleanup Programs

The cooperative agreement recipient shall ensure that any BCRLF response actions conducted under a State Voluntary Cleanup program are carried out in accordance with the substantive and procedural requirements of CERCLA and the NCP, and all terms and conditions of this cooperative agreement.

REVOLVING LOAN FUND REQUIREMENTS

56. Prudent Lending Practices

The cooperative agreement recipient shall not incur costs under this cooperative agreement related to loans until a BCRLF pilot work plan has been submitted to and approved by U.S. EPA. The cooperative agreement recipient shall ensure that the overall objectives of the fund are met through its or the fund manager's selection and structuring of individual loans and lending practices. These activities shall include, but not be limited to the following:

loan, whichever is longer. Borrowers shall obtain written approval from the lead agency prior to disposing of records.

- d. Borrowers shall use no more than ten percent of the loan for allowable non-cleanup activities.
- e. Borrowers shall certify that they are not currently, nor have they been, subject to any penalties resulting from environmental non-compliance at the site subject to the loan.
- f. Borrowers shall conduct BCRLF response activities in accordance with the cooperative agreement and CERCLA and consistent with the NCP.
- g. Borrowers shall modify response activities as required by the lead agency (see also Sections IV.B. and G.).

59. Default

In the event of a loan default, the cooperative agreement recipient shall make reasonable efforts to enforce the terms of the loan agreement including proceeding against the assets pledged as collateral to cover losses to the loan. If the cleanup is not complete at the time of default, the cooperative agreement recipient is responsible for: (1) documenting the nexus between the amount paid to the bank or other financial institution and the cleanup that took place prior to the default; and (2) securing the site (e.g., ensuring public safety) and informing the EPA Project Officer and the State.

60. Conflict of Interest

The cooperative agreement recipient shall establish and enforce conflict of interest provisions governing the roles and responsibilities of the lead agency, fund manager, brownfields site manager and borrower. These provisions must address the situations described at 40 C.F.R. §31.36(b)(3) and §35.6550(b).

61. Loan Guarantees - Use of Loan Guarantee Approach

If the cooperative agreement recipient chooses to use the BCRLF funds to support a loan guarantee approach, the following terms & conditions apply:

- a. The cooperative agreement recipient shall: (1) document the relationship between the expenditure of CERCLA §104(d) funds and response actions; (2) maintain an escrow account expressly for the purpose of guaranteeing loans, by following the payment requirement described under the Escrow Requirements term and condition below; and (3) ensure that response actions guaranteed by BCRLF funds are carried out in accordance with CERCLA and consistent with the NCP.
- b. Escrow Requirements: Payment of funds to a cooperative agreement recipient shall not be made until a guaranteed loan has been issued by a participating financial institution. Loans guaranteed with BCRLF funds shall be made

require borrowers to maintain project accounts in accordance with generally accepted accounting principles.

DISBURSEMENT, PAYMENT, AND CLOSEOUT

61. Definitions

For the purposes of these terms and conditions, the following definitions apply: "payment" is the U.S. EPA's transfer of funds to the cooperative agreement recipient; the cooperative agreement recipient incurs an "obligation" when it enters into a loan agreement with the borrower; "disbursement" is the transfer of funds from the cooperative agreement recipient to the borrower. "Close out" refers to the process that the U.S. EPA follows to ensure that all administrative actions and work required under the cooperative agreement have been completed, and to de-obligate funds that the recipient has been unable to use.

62. Methods of Disbursement - Options

The cooperative agreement recipient may choose to disburse funds to the borrower by means of 'actual expense' or 'schedule'.

- a. An 'actual expense' disbursement approach requires the cooperative agreement recipient to submit documentation of the borrower's expenditures (e.g., invoices) to EPA to request payment.
- b. A 'schedule' disbursement is one in which all, or an agreed upon portion, of the obligated funds are disbursed to the borrower on the basis of an agreed upon schedule (e.g., progress payments) or upon execution of the loan. The cooperative agreement recipient shall submit documentation of disbursement schedules to EPA.

63. Methods of Disbursement - Disbursing Entire Amount of Funds at Execution of Agreement

If the disbursement schedule of the loan agreement calls for disbursement of the entire amount of the loan upon execution, the cooperative agreement recipient shall demonstrate to U.S. EPA's Project Officer that this method of disbursement is necessary for purposes of cleaning up the site covered by the loan. Further, the cooperative agreement recipient shall include an appropriate provision in the loan agreement which ensures that the borrower uses loan funds promptly for costs incurred in connection with the cleanup and that interest accumulated on schedule disbursements is applied to the cleanup.

64. Payment Schedule

The cooperative agreement recipient may request payment from EPA pursuant to 40 C.F.R. §35.6280 after it incurs an obligation or has an administrative expense. EPA will make payments to the cooperative agreement recipient on a schedule which

If a cooperative agreement recipient fails to make substantial progress in implementing the BCRLF program over the term of the Cooperative Agreement, any unobligated funds may be subject to federal recovery, and the cooperative agreement award amended to reflect the reduced amount of the cooperative agreement.

69. Capital Utilization Standard

Subsequent to full payment of award funds, the cooperative agreement recipient shall manage its repayment and lending activities to maintain 50 percent or more of the BCRLF capital loaned out or committed at all times.

70. Recovery of BCRLF Assets

In case of termination for cause or convenience, the cooperative agreement recipient shall return to EPA its fair share of the value of the BCRLF assets consisting of cash, receivables, personal and real property, and notes or other financial instruments developed through use of the funds. EPA's fair share is the amount computed by applying the percentage of EPA participation in the total capitalization of the BCRLF to the current fair market value of the assets thereof. EPA also has remedies under 40 C.F.R. 31.43 when the Agency determines that the value of such assets has been reduced by improper/illegal use of cooperative agreement funding. In such instances, the cooperative agreement recipient may be required to compensate EPA over and above the Agency's share of the current fair market value of the assets.

71. Post Cooperative Agreement Program Income - After the End of Award Period

After the end of the award period, the cooperative agreement recipient shall use program income in a manner consistent with the terms and conditions of the cooperative agreement affecting disposal of program income, eligible administrative costs, and environmental compliance in accordance with CERCLA and consistent with the NCP, as provided in terms #33-36 Use of Program Income and terms #44-55 BCRLF Environmental Response Requirements of this agreement. In accordance with 40 C.F.R. 31.42(c)(3), the cooperative agreement recipient shall maintain appropriate records to document compliance with these requirements (i.e., records relating to the use of post-award program income.) EPA may request access to these records or may negotiate post-closeout reporting requirements to verify that post-award program income has been used in accordance with the terms and conditions of the original agreement.

72. Post Cooperative Agreement Program Income - Close-out

When the cooperative agreement has been closed out (i.e., the cooperative agreement recipient has met all funds use and cleanup requirements), remaining funds not obligated by the cooperative agreement recipient via a loan agreement shall be returned to the Superfund Trust Fund, or the Region may choose to modify the award to allow the recipient to use funds for other activities consistent with brownfields cleanup.

BCRLF Pilot Program - King County Budget

Object	Activity	King Co/Seattle			FY01	FY02	FY03	Total
		Yr1	Yr2	Yr3	Total	Allotment	Allotment	Grant
A	Salaries							
B	Benefits							
	Total Salaries/Benefits							
C	Consultant Fees (Oversight)				0	0	0	0
E	Goods & Services:	1,500	1,500	0	1,500	1,500	0	3,000
EA	Office Supplies				0	0	0	0
EB	Communications-Postage/scan				0	0	0	0
ED	Rentals-Facility,equipment*				0	0	0	0
EE	Repairs				0	0	0	0
EF	Printing/Reproduction				0	0	0	0
EG	Professional Develop/Training				0	0	0	0
EK	Facilities Rent (Landlord)				0	0	0	0
EJ	Subscriptions				0	0	0	0
EL	Data Processing (DIS)				0	0	0	0
EM	Attorney General				0	0	0	0
EN	Personnel Services (DOP)				0	0	0	0
	Seat of Government				0	0	0	0
ER	Purchased Services/Site PI**	4,000	3,500	0	4,000	3,500	0	7,500
EZ	Other***(marketing/advertising)	4,000	3,500	0	4,000	3,500	0	7,500
	Total Goods & Services	9,500	8,500	0	9,500	8,500	0	18,000
G	Travel****	1,000	1,000	0	1,000	1,000	0	2,000
KB	Equipment - Non-Capital***							
TOTAL BUDGET - King Co/Seattle		10,500	9,500	0	10,500	9,500	0	20,000
N	Set-Aside Loans	225,000	200,000	0	225,000	200,000	0	425,000
	Fund Management (OTED)	30,000	20,000	5,000				55,000
TA	Indirect* (Salaries&Benefits)							
TOTAL FUNDS		265,500	229,500	5,000	235,500	209,500	5,000	500,000

* Facilities and equipment rental for public involvement are included in ER/EZ for partners

**Community and public involvement at pilot sites

***Advertising, public notices, local repository

****Travel: Assumes one brownfield conference per year, out-of-state MAY include national brownfield workgroup activities