



**TOWN COUNCIL MEETING
AGENDA
Island County Hearing Room
June 09, 2015
6:30 pm**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

CHANGES AND APPROVAL OF AGENDA

APPROVAL OF MINUTES

- Regular Meeting of May 26, 2015

MAYOR'S REPORT

AUDIENCE INPUT - See NOTE

PRESENTATION

- Island County Comprehensive Plan Countywide Planning Policies, presented by Brad Johnson.

NEW BUSINESS

- 1. Resolution #15-06 Regarding USDA Wastewater Loan for Madrona Way Project -** *Staff recommends approval of Resolution #15-06 Regarding USDA Wastewater Loan for Madrona Way Project.*
- 2. Resolution #15-07 Regarding USDA Water Loan for Madrona Way Project –** *Staff recommends approval of Resolution #15-07 Regarding USDA Water Loan for Madrona Way Project.*
- 3. Resolution #15-08 Regarding USDA ACH Vendor Agreement for Water Loan for Madrona Way Project –** *Staff recommends approval of Resolution #15-08 Regarding USDA ACH Vendor Agreement for Water Loan for Madrona Way Project.*
- 4. Resolution #15-09 Regarding USDA ACH Vendor Agreement for Wastewater Loan for Madrona Way Project –** *Staff recommends approval of Resolution #15-08 Regarding USDA ACH Vendor Agreement for Wastewater Loan for Madrona Way Project.*
- 5. Tentative Item: Review of Bids, and Consideration of Award of Construction Contract for, Madrona Way Improvements, Phase 1**

AUDIENCE INPUT - See NOTE

ADJOURN

NOTE: Audience Input - This is time set aside for members of the public to speak to the Council about subjects of concern or interest, or items not already set aside for a public hearing. Questions presented may not be answered immediately if all information is not available, but will be responded to as soon as possible. To ensure your comments are recorded properly, you need to state your name and address clearly into the microphone. Please limit your comments to 5 minutes. Input requiring more lengthy comment is best submitted in writing.

NOTE: Persons with disabilities requiring elevator access to the Hearing Room, please call twenty-four (24) hours prior to the scheduled event to Clerk-Treasurer (360) 678-4461, ext 7.

**Town of Coupeville
Regular Council Meeting
May 26, 2015
6:35 p.m.**

PRESENT: Mayor Nancy Conard, Councilmembers Pat Powell, Bob Clay, Molly Hughes, and Jackie Henderson.

Council Action: A motion was made by Councilmember Jackie Henderson, second by Councilmember Bob Clay, to excuse Councilmember Dianne Binder from the meeting. The motion passed unanimously.

STAFF PRESENT: Clerk Treasurer Kelly Beech, Town Marshal Rick Norrie

CHANGES AND APPROVAL OF THE AGENDA

Council Action: A motion was made by Councilmember Molly Hughes, second by Councilmember Jackie Henderson, to approve the Agenda as submitted. The motion passed unanimously.

APPROVAL OF MINUTES

The minutes of the Regular Meeting of April 28, 2015 were approved as submitted.

MAYOR'S REPORT

- Mayor Conard reported that the Department of Fish and Wildlife made a few personal visits to residents following the Too Much Love presentation to give some personalized advice on feeding wildlife in our area.
- Mayor Conard attended the National Day of Prayer event in Coupeville on May 2nd and a NET meeting for the Lindsay neighborhood on May 7th.
- Mayor Conard was at Careage of Whidbey to celebrate Older Americans Month, and National Nursing Home Week on May 11th.
- Mayor Conard reported that 400 pullers participated in the Annual Penn Cove Water Festival and that organizers are already thinking about ways they can support larger crowds in preparation for next year's event. She also commented on how successful the BBQ was.
- Mayor Conard proclaimed May 16th Ken Hofkamp Day in recognition of his years of community service and support and participated in a celebration for him.
- Mayor Conard was among the island mayors who gave presentations to the Whidbey League of Women Voters at their annual dinner on May 21st. The event was also attended by Councilmember Molly Hughes.
- Mayor Conard reported that Town staff are working with Whidbey General Hospital to keep their project moving through the permitting process. The hospital is hoping to get their building permit in mid-July and there is a possibility the Mayor may present an MOU for plan review services related to this project at the next Council meeting.
- Mayor Conard informed the council that our new full time Town Planner, Tammy Baraconi began working for the Town on May 18th. Tammy is currently focusing on a smooth transition into her new position and she's looking forward to the addition of the new Permit Clerk.
- Finally Mayor Conard commented on the wonderful turn out for the parade and ceremony for the annual Remembrance Day Celebration.

NEW BUSINESS

Reschedule Regular Council Meeting for June 23, 2015 to June 22, 2015

Council Action: A motion was made by Councilmember Molly Hughes, second by Councilmember Pat Powell to reschedule the Regular Council Meeting for June 23, 2015 to June 22, 2015. The motion passed unanimously.

Approval of Right of Way Use Agreement for Cottage on the Cove at 6 NE Front Street

Council Action: A motion was made by Councilmember Jackie Henderson, second by Councilmember Bob Clay, to approve the Right of Way Use Agreement for Cottage on the Cove at 6 NE Front Street. Questions were asked and answered. The motion passed unanimously.

Approval of the April 2015 payroll transactions and warrants, and May 26, 2015 A/P transactions and warrants

Council Action: A motion was made by Councilmember Molly Hughes, second by Councilmember Jackie Henderson to approve the April 2015 payroll transactions and warrants #30713 to #30720 for a total of \$74,583.26 and May 26, 2015 A/P transactions and warrants #30721 to #30790 for a total of \$78,432.76. Questions were asked and answered. The motion passed unanimously.

STAFF REPORTS

Town Marshal Rick Norrie discussed the reports he provided to the council and explained how the data reflects different kinds of citizen interactions. Marshal Norrie also shared information about recent training and conferences attended by Deputy Miller and himself. Questions were asked and answered.

Clerk Treasurer Kelly Beech spoke briefly about the reports she provided to the Council and shared information about recent training attended by Utility Clerk Shelly Maier. Questions were asked and answered.

COUNCIL REPORTS

Councilmember Molly Hughes reported that the National Stamp Out Hunger food drive went well this year. Donations were up from last year. Councilmember Hughes attended the Pacific Rim Institute Dedication & Celebration held on May 9th where they celebrated the purchase of the property for their campus. She reported that the event included Golden Paintbrush Marsanne wine from Isenhower Cellars. A portion of the sales of this wine go to support the institute. Councilmember Hughes recapped the Penn Cove Water Festival and thanked all of the councilmembers for their support during the event. The council volunteered their time to feed over 300 participants at the annual BBQ. Councilmember Hughes attended the Annual Board Retreat for the Trust Board of Ebey's National Historic Reserve where the group focused on pinpointing goals, creating work plans, and budgeting for next year. Councilmember Hughes commented on how impressed she was with Mayor Conard's presentation at the League of Women Voter's annual dinner on May 21st. Finally, Councilmember Hughes let the council know that the food bank will be working with the Coupeville Boys and Girls Club to provide breakfast and lunch to children in need this summer through their Kids Café, and she encouraged anyone who may have some time to volunteer for either the breakfast or lunch serving to call the food bank.

Councilmember Bob Clay reported that he participated in multiple festivals and parades during the month of May. Councilmember Clay informed the council that the Law & Justice Council will be on hiatus for a few months. Councilmember Clay reported the schooner Suva is now docked here in Coupeville and he

encouraged the council to go and check it out. Finally, Councilmember Clay shared that the Jacob Ebey House is now open to visitors and that they received 335 people over Memorial Day weekend.

Councilmember Jackie Henderson passed an example of the new monthly fiscal reports for Island Transit around to the council for review. The organization is slowly building its cash reserve back up, and to help with that goal they have decommissioned 33 vehicles. Unfortunately the state funding that supported the connector routes 411W (connecting Oak Harbor and Anacortes) and 411C (connecting Camano Island and Mt. Vernon) has been cut. This means that the routes, which are primarily funded using state funds, will be discontinued starting August 3, 2015. The board is optimistic that through responsible budgeting and exploration of other revenue sources they will be able to eventually bring both of the routes back. Finally, Councilmember Henderson requested a member of the council to volunteer as an alternate to the Island Transit Board as a backup for unexpected scheduling conflicts. Councilmember Powell volunteered to attend the June meeting as Councilmember Henderson's alternate.

ADJOURNMENT: 7:40 pm

Respectfully Submitted:

MAYOR:

Kelly Beech, Clerk Treasurer

Nancy Conard

A complete audio recording of this meeting is available upon request from the Clerk-Treasurer.



STAFF REPORT

DATE: June 05, 2015
TO: Mayor Nancy Conard and Members of the Town Council
FROM: Kelly Beech
RE: Resolutions 15-06 thru 15-09 related to USDA Loans
ATTACHMENTS: USDA letters establishing conditions for the Wastewater Loan and Water Loan

On April 14, 2015 the Council authorized Mayor Conard to apply for a USDA Loan to fund a portion of the Madrona Way Project. Through the application process the USDA, Rural Development office determined that the Town would need to split the project into a wastewater portion and a water portion, which resulted in two separate loan applications. I am pleased to report that USDA, Rural Development has presented the Town with two letters detailing the final conditions the Town must meet to qualify for the loans. Many of the conditions listed in the letters have been met. In order to accept loan funds from the USDA, Rural Development the Town will need to pass a loan resolution (standard resolution provided by USDA), and complete an ACH agreement for each loan.

Loan Resolutions 15-06 and 15-07 authorize the Town to incur the debt of the loans and list the amount of each loan as well as other conditions which are included in the letter. Resolutions 15-08 and 15-09 (ACH Vendor Agreements) allow the Town to receive loan funds electronically from the USDA, Rural Development. These are standard forms and agreements required by the USDA, Rural Development for every loan they fund. I recommend the Council approve resolutions 15-06 thru 15-09.



United States Department of Agriculture

Rural Development

May 28, 2015

Mount Vernon Area
Office

2021 E. College Way,
Suite 216; Mount
Vernon, WA 98273-
2373

Voice 360.428.4322
ext 4
Fax 360.424.6172

Nancy Conard, Mayor
Town of Coupeville
P.O. Box 725
Coupeville, WA 98239

SUBJECT: Wastewater Application
Loan \$ 697,000

Dear Mayor Nancy Conard:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant, must be reported to and approved by USDA, Rural Development, by written amendment to this letter. If significant changes are made without obtaining such approval, Rural Development may discontinue processing of the application.

This letter does not constitute loan and grant approval, nor does it ensure that funds are or will be available for the project.

The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds", is mailed to you.

Please complete and return the following forms if you agree to meet these conditions and desire that further consideration be given to your application:

Form RD 1942-46, "Letter of Intent to Meet Conditions,"
Form RD 1940-1, "Request for Obligation of Funds,"

Within 6 months of this letter, you must meet all of the conditions set forth which can be met prior to calling for construction bids. If you have not done so, Rural Development reserves the right to discontinue the processing of your application.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access information and regulations referenced in the letter at our web-site located at www.usda.gov/rus/water/ for the following:

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

- a. Title 7 Code of Federal Regulation, Part 1780, (7 CFR 1780) – Sections A-D and RUS Bulletins are the Regulations for the program.
- b. RUS Bulletin 1780-26, “Guidance for the Use of Engineers Joint Contract Documents Committee (EJCDC) Documents on Water and Waste Projects with RUS Financial Assistance”

The conditions referred to above are as follows:

1. **Project Budget** – Funding from all sources has been budgeted for the estimated expenditures as follows:

<u>Project Costs:</u>	<u>Total Budgeted:</u>
Construction	\$ 628,069.00
Engineering Fees	\$ 32,094.00
Insp.	\$ 17,100.00
Bond Counsel	\$ 5,000.00
Project Contingency	\$ 60,000.00
Interim Interest and Bank Fee	\$ 30,000.00
TOTALS	\$ 772,263.00

Your funding needs will be reassessed if there is a significant reduction in project costs after bids are received. Obligated loan funds not needed to complete the proposed project will be deobligated. An “Amended Letter of Conditions” will be issued for any revised project budget.

2. **Project Funds** - Project funding is planned from the following sources:

<u>Project Funding Source</u>	<u>Funding Amount:</u>
Applicant Contribution	\$ 75,263.00
USDA RUS Loan	\$ 697,000.00
Total Project Funding (All Sources):	\$ 772,263.00

Any changes in funding sources following obligation of RUS funds must be reported to the processing official. Prior to advertisement for construction bids, you must provide evidence of applicant contributions and approval of other funding sources. This evidence should include a copy of the commitment letter.

1. **Disbursement of Funds** – For all loans exceeding \$500,000, where loan funds can be borrowed at reasonable interest rates on an interim basis from commercial sources for the construction period, such interim financing will be used to preclude the necessity for multiple advances of Agency loan funds. You must provide the Agency with a copy of the interim loan financing agreement for review prior to bid authorization. The

Agency approval official may make an exception when interim financing is cost prohibitive or unavailable

Any applicant contribution shall be considered as the first funds expended. An agreement should be reached with all other funding sources on how funds are to be disbursed before the start of construction.

You must establish a separate construction account, with an acceptable financial institution or depository that meets the requirements of 31 CFR Part 202. All project funds will be deposited into this account. Financial institutions or depositories accepting deposits of public funds and providing other financial agency services to the Federal Government are required to pledge adequate, acceptable securities as collateral. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the constructions account at any one time. Additional guidance on collateral acceptability and valuation are available at Treasury's Bureau of the public debt website at www.publicdebt.treas.gov.

2. **Security** –The loan will be secured by a Revenue bond with first lien position in the amount of \$697,000.00. The bond will be fully registered as to both principal and interest in the name of the “United States of America Acting through the Department of Agriculture”.

The bond and any ordinance or resolution relating thereto must not contain any provision in conflict with the RD Loan Resolution, applicable regulations, and law. In particular, there must be no defeasance or refinancing clause in conflict with the graduation requirements of 7 USC 1983 (c).

3. **Loan Repayment** – Your loan will be scheduled for repayment over a period of 40 years. Payments will be equal amortized semi-annual installments. For planning purposes use a 2.75% interest rate and a semi-annual amortization factor of 20.69, which provides for a semi-annual payment of \$14,421.00.

The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, whichever is less, unless you choose otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount. The payment due date will be established as the day that the loan closes (the 28th is the due date when loans are closed on the 29th, 30th or 31st.)

You will be required to complete RD-3550-28, “Authorization Agreement for Preauthorized Payments” for all new and existing indebtedness to the Agency. It will allow for your payment to be electronically debited from your account on the day your payment is due.

4. **Reserves** – Reserves must be properly budgeted to maintain the financial viability and sustainability of any operation. Reserves are important to fund unanticipated emergency maintenance and repairs, and assist with debt service thru a debt service

reserve should the need arise. Reserves can also be established and maintained for the anticipated and expected expenses including but not limited to operation and maintenance, customer deposits, deferred interest during the construction period, and an asset management program.

As a part of this Agency loan proposal you must establish a debt service reserve fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for ten years or until the balance is equal to one annual loan payment.

In addition to the debt service reserve account, you must fund a short lived asset replacement reserve by depositing a sum of \$36,767.00 annually.

5. **Users** – This letter of conditions is based upon you providing evidence or a certification that there will be at least 728 residential users and 123 commercial users on the existing system when construction has been completed.
6. Before the Agency can agree to the project being advertised for construction bids, you must provide evidence or a certification that the total required number of users are currently using the system or signed up to use the system and that the monthly water usage projected for each by the engineer is reasonable. In the event any of the large volume users discontinue the offered service, you must obtain enough additional revenue (i.e., increase in user rates, sign up of an adequate number of other users, reduction in project scope to reduce debt service and O&M, etc.) to make up the projected income that would be lost by not having those users on the system.
7. **Effective Collection Policy** - The facility needs to be operated on a sound business plan. You will be required to develop an “Effective Collection Policy” or “Ordinance” for accounts not paid in full within a specified number of days after the date of billing. The plan should include appropriate late fees, specified timeframes for disconnection of service, and reconnection fees.
8. **Proposed Operating Budget and User Rate Analysis** - You must maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance, debt service, and reserves. You will be required to submit a copy of your proposed annual operating budget and rate analysis to the Agency which supports the proposed loan repayment prior to the Agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow after completion of the construction phase. Form RD 442-7 - “Operating Budget” attached or similar form may be utilized for this purpose. The rate analysis will be required to show the number of users, their average consumption based on a twelve month consecutive average, and rate structure to support the necessary revenue to make the operating budget cash flow. It is expected that O&M will change over each successive year and user rates will need to be adjusted on a regular basis.

Assistance is available from technical assistance resources to help you evaluate and complete a rate analysis on your system. This assistance is available free to your organization. If you are interested please contact our office for phone numbers and contacts of these organizations

9. **Insurance and Bonding Requirements** - Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. The Agency strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of the Agency to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.
 - a. General Liability Insurance – Include vehicular coverage.
 - b. Workers' Compensation - In accordance with appropriate State laws.
 - c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. You should have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The coverage may be increased during construction of this project based on the anticipated monthly advances. The minimum coverage acceptable to the Agency will be for each position to be bonded for an amount at least equal to one annual installment on your Agency loan(s). The amount of coverage should be discussed and approved by the Agency. Form RD 440-24, "Position Fidelity Bond" may be used for this purpose.
 - d. National Flood Insurance - If the project involves acquisition or construction in designated special flood or mudslide prone areas, you must purchase a flood insurance policy at the time of loan closing.
 - e. Real Property Insurance – Fire and extended coverage will normally be maintained on all structures except reservoirs, pipelines and other structures if such structures are not normally insured and subsurface lift stations except for the value of electrical and pumping equipment. Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all facilities identified above.
10. **Accounting Services** - You may be required to obtain the services of an independent licensed Certified Public Accountant (CPA). When permitted by state statutes or with the approval of the Agency, a state or Federal auditor may perform the audit in lieu of a CPA.

Audit Agreement - You must enter into a written audit agreement with the auditor and submit a copy to the Agency prior to advertisement of bids. The audit agreement may

include terms and conditions that the borrower and auditor deem appropriate; however, the agreement should include the type of audit or financial statements to be completed, the time frame in which the audit or financial statements will be completed, what type of reports will be generated from the services provided and how irregularities will be reported. Prior to the advertisement for bids, your accountant must certify to you and the Agency that the accounts and records as required by your bond resolution have been established and are operational.

Audit Requirements - The following management data will be required from you on an annual basis and be submitted to the Agency as specified below:

- a. A borrower that expends \$500,000 or more in federal financial assistance per fiscal year shall submit an audit performed in accordance with the requirements of OMB Circular A-133. As described above, the total federal funds expended from all sources shall be used to determine federal financial assistance expended. Projects financed with interim financing are considered federal expenditures.
- b. A borrower that expends less than \$500,000 in Federal financial assistance per fiscal year and an outstanding Agency loan balance of \$1,000,000 or more shall submit an audit performed in accordance with Generally Accepted Government Auditing Standards, (GAGAS).
- c. A borrower that expends less than \$500,000 in Federal financial assistance per fiscal year and has an outstanding Agency loan balance of less than \$1,000,000 may submit a management report, which includes at a minimum a Balance Sheet and an Income and Expense Statement.

Annual Budget and Projected Cash Flow - Thirty days prior to the beginning of each fiscal year, you will be required to submit an annual budget and projected cash flow to this office. With the submission of the annual budget, you will be required to provide a current rate schedule, a current listing of the Board or Counsel Members and their terms.

Quarterly Reports – Quarterly management reports will be required until the processing office waives the required reports. You may use RD form 442-2 and complete schedule 1, page 1, columns 2-6 as appropriate and page 2. The area office will notify you in writing when the Quarterly reports are no longer required.

Enterprise Accounts – The Town of Coupeville will establish separate enterprise fund operating accounts for the Water Utility and the Waste Water Utility.

11. **Legal Services** – You will be required to obtain a “Legal Services Agreement.” This agreement will address the fees necessary for the services outlined in this agreement. At closing the owner’s attorney will certify that the executed contract documents, including performance and payment bonds on contracts over \$100,000 are adequate and that the persons executing these documents have been properly authorized to do so in accordance with RUS Instruction 1780.61(b).

12. **Property Rights** - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights-of-ways needed for the project. Acquisitions of necessary land and rights must be accomplished in accordance with the Uniform Relocation and Real Property Acquisition Act. Such evidence of control over the lands and rights must be in the following form:
- a. Right-of-Ways - A right-of-way map will be required showing clearly the location of all lands and right-of-ways needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof. A certification and legal opinion relative to title to right-of-ways and easements is required. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way", and Form RD 442-21, "Right-of-Way Certificate" may be used. These forms may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, new forms must be provided which do not provide for any exceptions.
13. **Engineering Services** – The Agency must approve any agreements and modifications to agreements for professional engineering services. The agreement for engineering services should consist of the Engineers Joint Contract Documents Committee (EJCDC) documents as indicated in RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Documents on Water and Waste Projects with RUS Financial Assistance" or other approved form of agreement.
14. **Resident Inspector(s)** – Full-time inspection is required unless a written exception is made by the Agency upon your written request. This service is to be provided by the consulting engineer or other arrangements as approved by the Agency. Prior to the pre-construction conference, a resume of qualifications of the resident inspector(s) will be submitted to the owner and Agency for review and approval. The owner will provide a letter of acceptance for all proposed observers to the engineer and Agency. The resident inspector(s) must attend the pre-construction conference.

15. **Restrictions on Lobbying**

In order to comply with Section 319 of Public Law 101-121 which prohibits applicants and recipients of Federal contracts, grants and loans from using Federal appropriated funds for lobbying, the Federal Government in connection with the award of a specific contract, grant or loan, the **Applicant**, and all contractors and subcontractors must:

- a. Execute the attached Certification for Contracts, Grants, and Loans.
- b. Complete Standard Form LLL, "Disclosure of Lobbying Activities", if they have made, or agreed to make payment, using funds other than Federal appropriated funds, to influence or attempt to influence a decision in connection with the contract.

The Certification (and, if appropriate, the Disclosure) must be provided to USDA, Rural Development.

16. Environmental Requirements -

- a. Mitigation - At the conclusion of the proposal's environmental review process, specific actions were determined necessary to avoid or minimize adverse environmental impacts. The following list of actions are required for successful completion of the project and must be adhered to during project design and construction.
 - I. Construction activities cannot start until RD has given the Tribes at least 30 days to respond to the letters sent under Section 106. That date shall be no earlier than April 28, 2015.
 - II. Recommendations regarding archaeological monitoring outlined in the cultural report by ERCI dated August 14, 2014, shall be followed. The applicant shall contact RD if there are any deviations from the recommendations outlined in Section 4.2 of the report.
 - III. Construction activities will be scheduled to reduce traffic, dust and noise impacts in residential areas.
 - IV. An Unanticipated Discovery Plan (UDP) must be "in place" before Notice to Proceed is issued. If earth disturbing activities during project construction uncover cultural materials (i.e. structural remains, historic artifacts, or prehistoric artifacts), all work shall cease and the Washington State Archaeologist at the Department of Archaeology and Historic Preservation (DAHP), the interested tribes and the RD State Environmental Coordinator (SEC) shall be notified immediately.
 - V. If earth disturbing activities during any area of the project uncover human remains, all work shall cease immediately in accordance with Washington State Statutes RCW 27.44. The area around the discovery shall be secured and the *Island* County law enforcement agency, State Archeologist at DAHP and the RD SEC shall be notified immediately.
 - VI. Client to use Construction Best Management Practices (BMP) for temporary erosion and sedimentation controls during construction of the project.
 - VII. Conditions resulting from the review of the Ebey's Land National Historical Reserve shall be followed as outlined in their Staff Report and Decision dated October 23, 2014.
- b. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

17. **Vulnerability Assessments (VA) and Emergency Response Plans (ERP)** – The Agency requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. Borrowers with existing systems must provide a certification that a VA and ERP are completed prior to bid authorization. Technical assistance is available in preparing these documents at no cost to you.
18. **Permits** – The owner, contractor or responsible party will be required to obtain all required permits for the project prior to advertisement for construction bids. A narrative opinion from your attorney concerning all permits, certificates, licenses and other items necessary to show that all legal requirements can be met and stating how they will be met.
19. **Contract Documents, Final Plans and Specifications** -
- a. The contract documents should consist of the EJCDC Construction Contract Documents as indicated in RUS Bulletin 1780-26 or other approved form of agreement.
 - b. The contract documents, final plans, and specifications must comply with RUS Instruction 1780, Subpart C – Planning, Designing, Bidding, Contracting, Construction and Inspections and be submitted to the Agency for approval prior to advertisement for bids.
 - c. The use of any procurement method other than competitive bidding must be requested in writing and approved by the Agency.
 - d. The Agency requires a pre-construction conference, pre-final, final, and warranty inspection.
 - e. The Agency requires prior agency concurrence with all Change Orders, Invoices, and Payment Estimates.
20. **Graduation** - By accepting this loan, you are also agreeing to refinance (graduate) the unpaid loan balance in whole, or in part, upon request of the Government. If at any time the Agency determines your entity is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms, you will be requested to refinance.
21. **Central Contractor Registration and Universal Identifier Requirements** – Requirement for Central Contractor Registration (CCR)
- a) You as the recipient must maintain the currency of your information in the CCR until you submit the final financial report required under this award and all grants funds under this award have been disbursed or de-obligated, whichever is later. This requires that you

review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term. Recipients can register on-line at (<https://www.bpn.gov/ccr/>).

- b) You as the recipient may not make a sub-award to an entity unless the entity has provided its Data Universal Numbering System (DUNS) number to you. Sub-recipients with sub-awards of \$25,000 or more must also have and maintain a current CCR registration.
- c) Recipient Reporting. You as the recipient must report each first tier sub-awards of \$25,000 or more in non-Recovery Act funds to <http://www.fsrs.gov> no later than the end of the month following the month the obligation was made. As part of your registration profile at <http://www.ccr.gov>, you must report the total compensation of the 5 most highly compensated executives (if the award was \$25,000 or more, 80% or more of annual gross revenues subject to Transparency Act, and \$25 Million of annual gross revenues subject to Transparency Act) by end of month following month in which award was made. This requirement also pertains to sub-recipients (if the award was \$25,000 or more, 80% or more of annual gross revenues subject to Transparency Act, and \$25 Million of annual gross revenues subject to Transparency Act).

22. **Applicable State Statutes and Requirements** – Evidence must also be provided indicating your system has a licensed operator, meeting State requirements, will be available prior to the system becoming operational or a suitable supervisory agreement with a licensed operator is in effect.

23. **Civil Rights & Equal Opportunity** - You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

Section 504 of the Rehabilitation Act of 1973 – Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Agency financial assistance.

Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*) and subpart E of part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 *et seq.*) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

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denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

24. **Bid Authorization** - Once all the conditions outlined in this letter have been met, the Agency may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide the Agency with (a) bid tabulation, and (b) your engineer's evaluation of bids and (c) your recommendations for contract awards. If the Agency agrees that the construction bids received are acceptable, adequate funds are available to cover the total project costs, and all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued to you setting forth any further requirements that must be met before a Notice of Award may be issued.
25. **Cost Overruns** – Cost overruns exceeding 20% of the development cost at time of loan or grant approval or where the scope of the original purpose has changed will compete for funds with all other applications on hand as of that date. Cost overruns must be due to high bids or unexpected construction problems that cannot be reduced by negotiations, redesign, use of bid alternatives, rebidding or other means prior to consideration by the Agency for subsequent funding. Such requests will be contingent on the availability of funds.
26. **Use of Remaining Funds** – Applicant contributions and connection or tap fees will be the first funds expended in the project. Remaining funds may be considered in direct proportion to the amounts obtained from each source and handled as follows:
- Remaining funds may be used for eligible loan purposes, provided the use will not result in major changes to the original scope of work and the purpose of the loan remains the same.
 - Agency loan funds that are not needed will be applied as an extra payment on the Agency indebtedness unless other disposition is required by the bond ordinance, resolution, or State statute.

The attachments listed below are attached to your copy of this letter as noted. Enclosed are the following:

- RUS Bulletin 1780-27, "Loan Resolution"
- RD-3550-28, "Authorization Agreement for Preauthorized Payments"
- Form RD 442-7, "Operating Budget"
- Form RD 442-3, "Balance Sheet"
- Form RD 442-2, "Statement of Budget, Income and Equity"
- Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way"

- Form RD 442-21, "Right-of-Way Certificate"

We look forward to continue working with you to complete this project and if you have any questions please contact Darla O'Connor, Community Programs Specialist at 360/428-4322 Ext. 160, or by e-mail at darla.oconnor@wa.usda.gov

Sincerely yours,



DARLA O'CONNOR
Community Program Specialist
USDA, Rural Development
Attachments

cc: Peter McMillin State Community Program Director
Greg Cane, Engineer



United States Department of Agriculture

Rural Development

May 28, 2015

Mount Vernon Area
Office

2021 E. College Way,
Suite 216; Mount
Vernon, WA 98273-
2373

Voice 360.428.4322
ext 4
Fax 360.424.6172

Nancy Conard, Mayor
Town of Coupeville
P.O. Box 725
Coupeville, WA 98239

SUBJECT: Water Application
Loan \$ 364,000

Dear Mayor Nancy Conard:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant, must be reported to and approved by USDA, Rural Development, by written amendment to this letter. If significant changes are made without obtaining such approval, Rural Development may discontinue processing of the application.

This letter does not constitute loan approval, nor does it ensure that funds are or will be available for the project.

The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds", is mailed to you.

Please complete and return the following forms if you agree to meet these conditions and desire that further consideration be given to your application:

Form RD 1942-46, "Letter of Intent to Meet Conditions,"
Form RD 1940-1, "Request for Obligation of Funds,"

Within 6 months of this letter, you must meet all of the conditions set forth which can be met prior to calling for construction bids. If you have not done so, Rural Development reserves the right to discontinue the processing of your application.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access information and regulations referenced in the letter at our web-site located at www.usda.gov/rus/water/ for the following:

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

- a. Title 7 Code of Federal Regulation, Part 1780, (7 CFR 1780) – Sections A-D and RUS Bulletins are the Regulations for the program.
- b. RUS Bulletin 1780-26, “Guidance for the Use of Engineers Joint Contract Documents Committee (EJCDC) Documents on Water and Waste Projects with RUS Financial Assistance”

The conditions referred to above are as follows:

1. **Project Budget** – Funding from all sources has been budgeted for the estimated expenditures as follows:

<u>Project Costs:</u>	<u>Total Budgeted:</u>
Construction	\$ 318,192.00
Engineering Fees	\$ 21,396.00
Insp.	\$ 11,400.00
Archaeological Monitoring	\$ 8,256.90
Bond counsel	\$ 5,000.00
Project Contingency	<u>\$ 40,000.00</u>
TOTALS	\$ 404,245.00

Your funding needs will be reassessed if there is a significant reduction in project costs after bids are received. Obligated loan funds not needed to complete the proposed project will be deobligated. An “Amended Letter of Conditions” will be issued for any revised project budget.

2. **Project Funds** - Project funding is planned from the following sources:

<u>Project Funding Source</u>	<u>Funding Amount:</u>
Applicant Contribution	\$ 40,245.00
USDA RUS Loan	<u>\$ 364,000.00</u>
Total Project Funding (All Sources):	\$ 404,245.00

Any changes in funding sources following obligation of RUS funds must be reported to the processing official. Prior to advertisement for construction bids, you must provide evidence of applicant contributions and approval of other funding sources. This evidence should include a copy of the commitment letter.

3. **Disbursement of Funds** –Any applicant contribution shall be considered as the first funds expended. An agreement should be reached with all other funding sources on how funds are to be disbursed before the start of construction.

You must establish a separate construction account, with an acceptable financial institution or depository that meets the requirements of 31 CFR Part 202. All project funds will be deposited into this account. Financial institutions or depositories accepting deposits of public funds and providing other financial agency services to the Federal Government are required to pledge adequate, acceptable securities as collateral. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the construction account at any one time. Additional guidance on collateral acceptability and valuation are available at Treasury's Bureau of the public debt website at www.publicdebt.treas.gov.

4. **Security** –The loan will be secured by a Revenue bond with first lien position in the amount of \$364,000.00. The bond will be fully registered as to both principal and interest in the name of the “United States of America Acting through the Department of Agriculture”.

The bond and any ordinance or resolution relating thereto must not contain any provision in conflict with the RD Loan Resolution, applicable regulations, and law. In particular, there must be no defeasance or refinancing clause in conflict with the graduation requirements of 7 USC 1983 (c).

Additional security requirements are contained in RUS Bulletin 1780-27, “Loan Resolution”

5. **Loan Repayment** –Your loan will be scheduled for repayment over a period of 40 years. Payments will be equal amortized semi-annual installments. For planning purposes use a 2.75% interest rate and a semi-annual amortization factor of 20.69, which provides for a semi-annual payment of \$7,532.00.

The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, whichever is less, unless you choose otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount. The payment due date will be established as the day that the loan closes (the 28th is the due date when loans are closed on the 29th, 30th or 31st.)

You will be required to complete RD-3550-28, “Authorization Agreement for Preauthorized Payments” for all new and existing indebtedness to the Agency. It will allow for your payment to be electronically debited from your account on the day your payment is due.

6. **Reserves** – Reserves must be properly budgeted to maintain the financial viability and sustainability of any operation. Reserves are important to fund unanticipated emergency maintenance and repairs, and assist with debt service thru a debt service reserve should the need arise. Reserves can also be established and maintained for the anticipated and expected expenses including but not limited to operation and maintenance, customer deposits, deferred interest during the construction period, and an asset management program.

As a part of this Agency loan proposal you must establish a debt service reserve fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for ten years or until the balance is equal to one annual loan payment.

In addition to the debt service reserve account, you must fund a short lived asset replacement reserve by depositing a sum of \$38,300.00 annually.

7. **Users** – This letter of conditions is based upon you providing evidence or a certification that there will be at least 921 residential users and 213 commercial users on the existing system when construction has been completed.
8. Before the Agency can agree to the project being advertised for construction bids, you must provide evidence or a certification that the total required number of users are currently using the system or signed up to use the system and that the monthly water usage projected for each by the engineer is reasonable. In the event any of the large volume users discontinue the offered service, you must obtain enough additional revenue (i.e., increase in user rates, sign up of an adequate number of other users, reduction in project scope to reduce debt service and O&M, etc.) to make up the projected income that would be lost by not having those users on the system.

You must provide a positive program to encourage connection by all users as soon as service is available. The program will be reviewed by the Agency prior to advertisement for bids. A guide for developing your "Positive Program to Encourage Connections" is available if needed.

9. **Effective Collection Policy** - The facility needs to be operated on a sound business plan. You will be required to develop an "Effective Collection Policy" or "Ordinance" for accounts not paid in full within a specified number of days after the date of billing. The plan should include appropriate late fees, specified timeframes for disconnection of service, and reconnection fees.
10. **Proposed Operating Budget and User Rate Analysis** - You must maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance, debt service, and reserves. You will be required to submit a copy of your proposed annual operating budget and rate analysis to the Agency which supports the proposed loan repayment prior to the Agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow after completion of the construction phase. Form RD 442-7 - "Operating Budget" attached or similar form may be utilized for this purpose. The rate analysis will be required to show the number of users, their average consumption based on a twelve month consecutive average, and rate structure to support the necessary revenue to make the operating budget cash flow. It is expected that O&M will change over each successive year and user rates will need to be adjusted on a regular basis.

Assistance is available from technical assistance resources to help you evaluate and complete a rate analysis on your system. This assistance is available free to your organization. If you are interested please contact our office for phone numbers and contacts of these organizations

11. **Insurance and Bonding Requirements** - Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. The Agency strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of the Agency to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.
 - a. General Liability Insurance – Include vehicular coverage.
 - b. Workers' Compensation - In accordance with appropriate State laws.
 - c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. You should have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The coverage may be increased during construction of this project based on the anticipated monthly advances. The minimum coverage acceptable to the Agency will be for each position to be bonded for an amount at least equal to one annual installment on your Agency loan(s). The amount of coverage should be discussed and approved by the Agency. Form RD 440-24, "Position Fidelity Bond" may be used for this purpose.
 - d. National Flood Insurance - If the project involves acquisition or construction in designated special flood or mudslide prone areas, you must purchase a flood insurance policy at the time of loan closing.
 - e. Real Property Insurance – Fire and extended coverage will normally be maintained on all structures except reservoirs, pipelines and other structures if such structures are not normally insured and subsurface lift stations except for the value of electrical and pumping equipment. Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all facilities identified above.
12. **Accounting Services** - You may be required to obtain the services of an independent licensed Certified Public Accountant (CPA). When permitted by state statutes or with the approval of the Agency, a state or Federal auditor may perform the audit in lieu of a CPA.

Audit Agreement - You must enter into a written audit agreement with the auditor and submit a copy to the Agency prior to advertisement of bids. The audit agreement may include terms and conditions that the borrower and auditor deem appropriate; however, the agreement should include the type of audit or financial statements to be completed, the time frame in which the audit or financial statements will be completed, what type of reports will be generated from the services provided and how irregularities will be reported. Prior to the advertisement for bids, your accountant must certify to you and the Agency that the accounts and records as required by your bond resolution have been established and are operational.

Audit Requirements - The following management data will be required from you on an annual basis and be submitted to the Agency as specified below:

- a. A borrower that expends \$500,000 or more in federal financial assistance per fiscal year shall submit an audit performed in accordance with the requirements of OMB Circular A-133. As described above, the total federal funds expended from all sources shall be used to determine federal financial assistance expended. Projects financed with interim financing are considered federal expenditures.
- b. A borrower that expends less than \$500,000 in Federal financial assistance per fiscal year and an outstanding Agency loan balance of \$1,000,000 or more shall submit an audit performed in accordance with Generally Accepted Government Auditing Standards, (GAGAS).
- c. A borrower that expends less than \$500,000 in Federal financial assistance per fiscal year and has an outstanding Agency loan balance of less than \$1,000,000 may submit a management report, which includes at a minimum a Balance Sheet and an Income and Expense Statement.

Annual Budget and Projected Cash Flow - Thirty days prior to the beginning of each fiscal year, you will be required to submit an annual budget and projected cash flow to this office. With the submission of the annual budget, you will be required to provide a current rate schedule, a current listing of the Board or Counsel Members and their terms.

Quarterly Reports – Quarterly management reports will be required until the processing office waives the required reports. You may use RD form 442-2 and complete schedule 1, page 1, columns 2-6 as appropriate and page 2. The area office will notify you in writing when the Quarterly reports are no longer required.

Enterprise Accounts – The Town of Coupeville will establish separate enterprise fund operating accounts for the Water Utility and the Waste Water Utility.

13. **Legal Services** – You will be required to obtain a “Legal Services Agreement.” This agreement will address the fees necessary for the services outlined in this agreement. At closing the owner’s attorney will certify that the executed contract documents, including performance and payment bonds on contracts over \$100,000 are adequate and

that the persons executing these documents have been properly authorized to do so in accordance with RUS Instruction 1780.61(b).

14. **Property Rights** - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights-of-ways needed for the project. Acquisitions of necessary land and rights must be accomplished in accordance with the Uniform Relocation and Real Property Acquisition Act. Such evidence of control over the lands and rights must be in the following form:
 - a. **Right-of-Ways** - A right-of-way map will be required showing clearly the location of all lands and right-of-ways needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof. A certification and legal opinion relative to title to right-of-ways and easements is required. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way", and Form RD 442-21, "Right-of-Way Certificate" may be used. These forms may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, new forms must be provided which do not provide for any exceptions.

15. **Engineering Services** – The Agency must approve any agreements and modifications to agreements for professional engineering services. The agreement for engineering services should consist of the Engineers Joint Contract Documents Committee (EJCDC) documents as indicated in RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Documents on Water and Waste Projects with RUS Financial Assistance" or other approved form of agreement.

16. **Resident Inspector(s)** – Full-time inspection is required unless a written exception is made by the Agency upon your written request. This service is to be provided by the consulting engineer or other arrangements as approved by the Agency. Prior to the pre-construction conference, a resume of qualifications of the resident inspector(s) will be submitted to the owner and Agency for review and approval. The owner will provide a letter of acceptance for all proposed observers to the engineer and Agency. The resident inspector(s) must attend the pre-construction conference.

17. **Restrictions on Lobbying**

In order to comply with Section 319 of Public Law 101-121 which prohibits applicants and recipients of Federal contracts, grants and loans from using Federal appropriated funds for lobbying, the Federal Government in connection with the award of a specific contract, grant or loan, the **Applicant**, and all contractors and subcontractors must:

 - a. Execute the attached Certification for Contracts, Grants, and Loans.
 - b. Complete Standard Form LLL, "Disclosure of Lobbying Activities", if they have made, or agreed to make payment, using funds other than Federal appropriated funds, to influence or attempt to influence a decision in connection with the contract.

The Certification (and, if appropriate, the Disclosure) must be provided to USDA, Rural Development.

18. Environmental Requirements -

- a. Mitigation - At the conclusion of the proposal's environmental review process, specific actions were determined necessary to avoid or minimize adverse environmental impacts. The following list of actions are required for successful completion of the project and must be adhered to during project design and construction.
 - I. Construction activities cannot start until RD has given the Tribes at least 30 days to respond to the letters sent under Section 106. That date shall be no earlier than April 28, 2015.
 - II. Recommendations regarding archaeological monitoring outlined in the cultural report by ERCI dated August 14, 2014, shall be followed. The applicant shall contact RD if there are any deviations from the recommendations outlined in Section 4.2 of the report.
 - III. Construction activities will be scheduled to reduce traffic, dust and noise impacts in residential areas.
 - IV. An Unanticipated Discovery Plan (UDP) must be "in place" before Notice to Proceed is issued. If earth disturbing activities during project construction uncover cultural materials (i.e. structural remains, historic artifacts, or prehistoric artifacts), all work shall cease and the Washington State Archaeologist at the Department of Archaeology and Historic Preservation (DAHP), the interested tribes and the RD State Environmental Coordinator (SEC) shall be notified immediately.
 - V. If earth disturbing activities during any area of the project uncover human remains, all work shall cease immediately in accordance with Washington State Statutes RCW 27.44. The area around the discovery shall be secured and the *Island* County law enforcement agency, State Archeologist at DAHP and the RD SEC shall be notified immediately.
 - VI. Client to use Construction Best Management Practices (BMP) for temporary erosion and sedimentation controls during construction of the project.
 - VII. Conditions resulting from the review of the Ebey's Land National Historical Reserve shall be followed as outlined in their Staff Report and Decision dated October 23, 2014.
- b. Project Modifications - The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

19. **Vulnerability Assessments (VA) and Emergency Response Plans (ERP)** – The Agency requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. Borrowers with existing systems must provide a certification that a VA and ERP are completed prior to bid authorization. Technical assistance is available in preparing these documents at no cost to you.
20. **Permits** – The owner, contractor or responsible party will be required to obtain all required permits for the project prior to advertisement for construction bids. A narrative opinion from your attorney concerning all permits, certificates, licenses and other items necessary to show that all legal requirements can be met and stating how they will be met.
21. **Contract Documents, Final Plans and Specifications** -
 - a. The contract documents should consist of the EJCDC Construction Contract Documents as indicated in RUS Bulletin 1780-26 or other approved form of agreement.
 - b. The contract documents, final plans, and specifications must comply with RUS Instruction 1780, Subpart C – Planning, Designing, Bidding, Contracting, Construction and Inspections and be submitted to the Agency for approval prior to advertisement for bids.
 - c. The use of any procurement method other than competitive bidding must be requested in writing and approved by the Agency.
 - d. The Agency requires a pre-construction conference, pre-final, final, and warranty inspection.
 - e. The Agency requires prior agency concurrence with all Change Orders, Invoices, and Payment Estimates.
22. **Graduation** - By accepting this loan, you are also agreeing to refinance (graduate) the unpaid loan balance in whole, or in part, upon request of the Government. If at any time the Agency determines your entity is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms, you will be requested to refinance.
23. **Central Contractor Registration and Universal Identifier Requirements** – Requirement for Central Contractor Registration (CCR)
 - a) You as the recipient must maintain the currency of your information in the CCR until you submit the final financial report required under this award and all grants funds under this

award have been disbursed or de-obligated, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term. Recipients can register on-line at (<https://www.bpn.gov/ccr/>).

- b) You as the recipient may not make a sub-award to an entity unless the entity has provided its Data Universal Numbering System (DUNS) number to you. Sub-recipients with sub-awards of \$25,000 or more must also have and maintain a current CCR registration.
- c) Recipient Reporting. You as the recipient must report each first tier sub-awards of \$25,000 or more in non-Recovery Act funds to <http://www.fsr.gov> no later than the end of the month following the month the obligation was made. As part of your registration profile at <http://www.ccr.gov>, you must report the total compensation of the 5 most highly compensated executives (if the award was \$25,000 or more, 80% or more of annual gross revenues subject to Transparency Act, and \$25 Million of annual gross revenues subject to Transparency Act) by end of month following month in which award was made. This requirement also pertains to sub-recipients (if the award was \$25,000 or more, 80% or more of annual gross revenues subject to Transparency Act, and \$25 Million of annual gross revenues subject to Transparency Act).

24. Applicable State Statutes and Requirements – Evidence must also be provided indicating your system has a licensed operator, meeting State requirements, will be available prior to the system becoming operational or a suitable supervisory agreement with a licensed operator is in effect.

25. Civil Rights & Equal Opportunity - You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

Section 504 of the Rehabilitation Act of 1973 – Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Agency financial assistance.

Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*) and subpart E of part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 *et seq.*) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

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Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

26. **Bid Authorization** - Once all the conditions outlined in this letter have been met, the Agency may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide the Agency with (a) bid tabulation, and (b) your engineer's evaluation of bids and (c) your recommendations for contract awards. If the Agency agrees that the construction bids received are acceptable, adequate funds are available to cover the total project costs, and all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued to you setting forth any further requirements that must be met before a Notice of Award may be issued.
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- Remaining funds may be used for eligible loan purposes, provided the use will not result in major changes to the original scope of work and the purpose of the loan remains the same.
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The attachments listed below are attached to your copy of this letter as noted. Enclosed are the following:

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- Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way"
- Form RD 442-21, "Right-of-Way Certificate"

We look forward to continue working with you to complete this project and if you have any questions please contact Darla O'Connor, Community Programs Specialist at 360/428-4322 Ext. 160, or by e-mail at darla.oconnor@wa.usda.gov

Sincerely yours,



DARLA O'CONNOR
Community Program Specialist
USDA, Rural Development
Attachments

cc: Peter McMillin State Community Program Director
Greg Cane, Engineer

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Town Council

OF THE Coupeville, Town Of

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Coupeville, Town Of

(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

Six Hundred Ninety-Seven Thousand & 00/100

pursuant to the provisions of _____; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as _____ of the Coupeville, Town Of
 hereby certify that the Town Council _____ of such Association is composed of
 _____ members, of whom, _____ constituting a quorum, were present at a meeting thereof duly called and
 held on the _____ day of _____ ; and that the foregoing resolution was adopted at such meeting
 by the vote shown above, I further certify that as of _____ ,
 the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
 rescinded or amended in any way.

Dated, this _____ day of _____

 Title _____

*15-07

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Town Council

OF THE Coupeville, Town Of

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Coupeville, Town Of
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

Three Hundred Sixty-Four Thousand & 00/100

pursuant to the provisions of _____; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as _____ of the Coupeville, Town Of
 hereby certify that the Town Council _____ of such Association is composed of
 _____ members, of whom, _____ constituting a quorum, were present at a meeting thereof duly called and
 held on the _____ day of _____ ; and that the foregoing resolution was adopted at such meeting
 by the vote shown above, I further certify that as of _____ ,
 the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
 rescinded or amended in any way.

Dated, this _____ day of _____

 Title _____



RESOLUTION NO. 15-08

A Resolution of the Town of Coupeville, Washington, to approve an Authorization Agreement for Preauthorized Payments and ACH Vendor/Miscellaneous Payment Enrollment Form with USDA, Rural Development for the purpose of processing USDA Water Loan transactions.

WHEREAS, the Town now desires to fund the Madrona Project with a loan from the USDA, Rural Development; and,

WHEREAS, USDA, Rural Development requires the Town to complete transactions via ACH; and,

WHEREAS, USDA, Rural Development requires the Town to sign an Authorization Agreement for Preauthorized Payments (Exhibit A), and complete a ACH Vendor/Miscellaneous Payment Enrollment Form (Exhibit B) to allow for ACH transactions;

NOW, THEREFORE BE IT RESOLVED that the Town of Coupeville, Washington authorizes its Mayor (or other authorized official) to sign an Authorization Agreement for Preauthorized Payments (Exhibit A), and an ACH Vendor/Miscellaneous Payment Enrollment Form (Exhibit B) with USDA, Rural Development for the purpose of processing ACH transactions related to the Madrona Way Project Water Loan.

PASSED by the Town Council of the Town of Coupeville and **APPROVED** by the Mayor this 9th day of June, 2015.

TOWN OF COUPEVILLE

By _____
Nancy Conard, Mayor

ATTEST:

By _____
Kelly Beech, Clerk-Treasurer

Attached: **Exhibit A**, *Authorization Agreement for Preauthorized Payments*
Exhibit B, *ACH Vendor/Miscellaneous Payment Enrollment Form*

AUTHORIZATION AGREEMENT FOR PREAUTHORIZED PAYMENTS

USDA, RURAL DEVELOPMENT
(AGENCY NAME)

PAPERWORK REDUCTION ACT AND PRIVACY ACT STATEMENT

The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). The information requested on the form is required under various provisions of title 15 U.S.C. 1601, 12 CFR 205 and 31 CFR 202, for the purpose of providing authority to the Department of Treasury to designate financial institutions to collect payments, by electronic means, from your account. The information will be used for identification with the records of the government agency and the financial institution to direct your payments to the point you authorize. No deduction may be made unless a signed authorization form is received. Failure to furnish this information may delay or prevent the collection of these payments through the Automated Clearing House System.

INDIVIDUAL/COMPANY INFORMATION

BORROWER CASE NUMBER:		PAYMENT AMOUNT:	START DATE:
FUND CODE:	LOAN #:	PAYMENT INTERVAL:	LOAN TYPE:

INDIVIDUAL/ORGANIZATION NAME : (PLEASE PRINT)

STREET ADDRESS:

CITY/STATE: _____ **ZIP CODE:** _____

SERVICING OFFICE CODE: _____ **SERVICING OFFICE TELEPHONE NUMBER:** _____ **SERVICING OFFICE CONTACT:** _____

I hereby authorize the initiation of a deduction from my account and the financial institution named below to debit such account. I understand I will be notified if the debit amount needs to be adjusted, either to be increased or decreased. I also understand that I have the right to stop automatic payment by notifying my financial institution in writing three days prior to the time my account is charged.

SIGNATURE: _____ **DATE:** _____

FINANCIAL INSTITUTION INFORMATION

FINANCIAL INSTITUTION NAME: _____

STREET ADDRESS: _____

CITY/STATE: _____ **ZIP CODE:** _____

NINE-DIGIT ROUTING TRANSIT NUMBER: _____

ACCOUNT TITLE: _____

ACCOUNT NUMBER: _____ **CHECKING**
 SAVINGS

BANK REPRESENTATIVE SIGNATURE AND TITLE: _____ **AREA CODE:** _____ **BANK TELEPHONE #:** _____ **DATE:** _____

ACH VENDOR/MISCELLANEOUS PAYMENT ENROLLMENT FORM

OMB No. 1510-0056
Expiration Date 07/31/09

This form is used for Automated Clearing House (ACH) payments with an addendum record that contains payment-related information processed through the Vendor Express Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this form for completion.

PRIVACY ACT STATEMENT

The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 31 CFR 210. This information will be used by the Treasury Department to transmit payment data, by electronic means to vendor's financial institution. Failure to provide the requested information may delay or prevent the receipt of payments through the Automated Clearing House Payment System.

AGENCY INFORMATION

FEDERAL PROGRAM AGENCY USDA - Rural Development		
AGENCY IDENTIFIER: USDA	AGENCY LOCATION CODE (ALC):	ACH FORMAT: <input type="checkbox"/> CCD+ <input type="checkbox"/> CTX
ADDRESS:		
CONTACT PERSON NAME:		TELEPHONE NUMBER: ()
ADDITIONAL INFORMATION:		

PAYEE/COMPANY INFORMATION

NAME:	SSN NO. OR TAXPAYER ID NO.
ADDRESS:	
CONTACT PERSON NAME:	TELEPHONE NUMBER: ()

FINANCIAL INSTITUTION INFORMATION

NAME:	
ADDRESS:	
ACH COORDINATOR NAME:	TELEPHONE NUMBER: ()
NINE-DIGIT ROUTING TRANSIT NUMBER:	
DEPOSITOR ACCOUNT TITLE:	
DEPOSITOR ACCOUNT NUMBER:	LOCKBOX NUMBER:
TYPE OF ACCOUNT: <input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS <input type="checkbox"/> LOCKBOX	
SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL: (Could be the same as ACH Coordinator)	TELEPHONE NUMBER: ()



RESOLUTION NO. 15-09

A Resolution of the Town of Coupeville, Washington, to approve an Authorization Agreement for Preauthorized Payments and ACH Vendor/Miscellaneous Payment Enrollment Form with USDA, Rural Development for the purpose of processing USDA Wastewater Loan transactions.

WHEREAS, the Town now desires to fund the Madrona Project with a loan from the USDA, Rural Development; and,

WHEREAS, USDA, Rural Development requires the Town to complete transactions via ACH; and,

WHEREAS, USDA, Rural Development requires the Town to sign an Authorization Agreement for Preauthorized Payments (Exhibit A), and complete a ACH Vendor/Miscellaneous Payment Enrollment Form (Exhibit B) to allow for ACH transactions;

NOW, THEREFORE BE IT RESOLVED that the Town of Coupeville, Washington authorizes its Mayor (or other authorized official) to sign an Authorization Agreement for Preauthorized Payments (Exhibit A), and an ACH Vendor/Miscellaneous Payment Enrollment Form (Exhibit B) with USDA, Rural Development for the purpose of processing ACH transactions related to the Madrona Way Project Wastewater Loan.

PASSED by the Town Council of the Town of Coupeville and **APPROVED** by the Mayor this 9th day of June, 2015.

TOWN OF COUPEVILLE

By _____
Nancy Conard, Mayor

ATTEST:

By _____
Kelly Beech, Clerk-Treasurer

Attached: **Exhibit A**, *Authorization Agreement for Preauthorized Payments*
Exhibit B, *ACH Vendor/Miscellaneous Payment Enrollment Form*

AUTHORIZATION AGREEMENT FOR PREAUTHORIZED PAYMENTS

USDA, RURAL DEVELOPMENT
(AGENCY NAME)

PAPERWORK REDUCTION ACT AND PRIVACY ACT STATEMENT

The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). The information requested on the form is required under various provisions of title 15 U.S.C. 1601, 12 CFR 205 and 31 CFR 202, for the purpose of providing authority to the Department of Treasury to designate financial institutions to collect payments, by electronic means, from your account. The information will be used for identification with the records of the government agency and the financial institution to direct your payments to the point you authorize. No deduction may be made unless a signed authorization form is received. Failure to furnish this information may delay or prevent the collection of these payments through the Automated Clearing House System.

INDIVIDUAL/COMPANY INFORMATION

BORROWER CASE NUMBER:		PAYMENT AMOUNT:	START DATE:
FUND CODE:	LOAN #:	PAYMENT INTERVAL:	LOAN TYPE:

INDIVIDUAL/ORGANIZATION NAME : (PLEASE PRINT)

STREET ADDRESS:

CITY/STATE:	ZIP CODE:
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SERVICING OFFICE CODE:	SERVICING OFFICE TELEPHONE NUMBER:	SERVICING OFFICE CONTACT:
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I hereby authorize the initiation of a deduction from my account and the financial institution named below to debit such account. I understand I will be notified if the debit amount needs to be adjusted, either to be increased or decreased. I also understand that I have the right to stop automatic payment by notifying my financial institution in writing three days prior to the time my account is charged.

SIGNATURE: _____ DATE: _____

FINANCIAL INSTITUTION INFORMATION

FINANCIAL INSTITUTION NAME:

STREET ADDRESS:

CITY/STATE:	ZIP CODE:
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NINE-DIGIT ROUTING TRANSIT NUMBER: | | | | | | | | |

ACCOUNT TITLE:

ACCOUNT NUMBER:	<input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS
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BANK REPRESENTATIVE SIGNATURE AND TITLE:	AREA CODE:	BANK TELEPHONE #:	DATE:
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ACH VENDOR/MISCELLANEOUS PAYMENT ENROLLMENT FORM

OMB No. 1510-0056
Expiration Date 07/31/09

This form is used for Automated Clearing House (ACH) payments with an addendum record that contains payment-related information processed through the Vendor Express Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this form for completion.

PRIVACY ACT STATEMENT

The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 31 CFR 210. This information will be used by the Treasury Department to transmit payment data, by electronic means to vendor's financial institution. Failure to provide the requested information may delay or prevent the receipt of payments through the Automated Clearing House Payment System.

AGENCY INFORMATION

FEDERAL PROGRAM AGENCY USDA - Rural Development		
AGENCY IDENTIFIER: USDA	AGENCY LOCATION CODE (ALC):	ACH FORMAT: <input type="checkbox"/> CCD+ <input type="checkbox"/> CTX
ADDRESS:		
CONTACT PERSON NAME:		TELEPHONE NUMBER: ()
ADDITIONAL INFORMATION:		

PAYEE/COMPANY INFORMATION

NAME:	SSN NO. OR TAXPAYER ID NO.
ADDRESS:	
CONTACT PERSON NAME:	TELEPHONE NUMBER: ()

FINANCIAL INSTITUTION INFORMATION

NAME:	
ADDRESS:	
ACH COORDINATOR NAME:	TELEPHONE NUMBER: ()
NINE-DIGIT ROUTING TRANSIT NUMBER:	
DEPOSITOR ACCOUNT TITLE:	
DEPOSITOR ACCOUNT NUMBER:	LOCKBOX NUMBER:
TYPE OF ACCOUNT: <input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS <input type="checkbox"/> LOCKBOX	
SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL: (Could be the same as ACH Coordinator)	TELEPHONE NUMBER: ()