

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

[_____] , 2018

King County Wastewater Treatment Division
201 S. Jackson St., KSC-NR-0501
Seattle, WA 98104

Re: WIFIA Loan Term Sheet for the Georgetown Wet Weather Treatment Station Project
(WIFIA Project No. N17107WA)

Ladies and Gentlemen:

This WIFIA Loan Term Sheet (the “**Term Sheet**”) constitutes (a) the approval of the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (hereinafter, the “**USEPA**”), of the application for credit assistance of the Borrower (as defined below) dated November 6, 2017 (the “**Application**”) and (b) the agreement of USEPA to provide financing for the above-referenced project (the “**Project**,” as described below) in the form of a secured loan (the “**WIFIA Loan**”) pursuant to the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended by Public Law 114-94 and Public Law 114-322) (the “**Act**”), codified as 33 U.S.C. §§ 3901-3914, subject to the execution and terms of the WIFIA Loan Agreement, dated as of the date hereof, between the Borrower and USEPA (the “**WIFIA Loan Agreement**”). Terms not otherwise defined herein shall have the meanings ascribed to such terms in the WIFIA Loan Agreement.

The Project consists of a new combined sewer overflow (CSO) wet weather treatment facility referred to as the Georgetown Wet Weather Treatment Station (GWWTSS), associated conveyance improvements, and an outfall structure in the Lower Duwamish Waterway located in King County, Washington.

USEPA’s agreement to provide WIFIA credit assistance to the Project is based on the Application and the supplemental information and documents, including the Base Case Financial Model provided to USEPA. This Term Sheet establishes only the parties, the maximum original principal amount of the WIFIA Loan, the dedicated repayment source and security interest, the final maturity date of the WIFIA Loan and the method of determining the interest rate of the WIFIA Loan.

By executing this Term Sheet, the Borrower agrees to reimburse USEPA for any and all fees and expenses USEPA incurs for legal counsel, financial advice, and other consultants in connection with the evaluation of the Project and the negotiation and preparation of the WIFIA Loan Agreement, whether or not such agreement is ultimately executed.

This Term Sheet is an agreement of USEPA only to the terms specified herein. WIFIA credit assistance is subject in all respects to the execution of the WIFIA Loan Agreement on terms and conditions acceptable to USEPA.

This Term Sheet shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable and the internal laws of the State of New York, if and to the extent such federal laws are not applicable.

WIFIA LOAN TERMS

WIFIA LENDER	United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency.
BORROWER	King County, Washington, a political subdivision of the State of Washington.
ORIGINAL PRINCIPAL AMOUNT OF WIFIA LOAN	Not to exceed \$134,500,000; <u>provided</u> that (a) the maximum original principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act, shall not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs for the Project and (b) the total federal funding for the Project, inclusive of the original principal amount of the WIFIA Loan and all federal direct and indirect grants, shall not exceed eighty percent (80%) of Total Project Costs.
DEDICATED REPAYMENT SOURCE/SECURITY	The dedicated source of repayment for the WIFIA Loan shall be System Revenues less Operations and Maintenance Expenses. "System Revenues" refers to all earnings, revenues and money received by the Borrower from or on account of the operations of the System and the income from the investment of money in the Revenue Fund or any account within such fund. However, "System Revenues" shall not include any money collected pursuant to the Service Agreements applicable to administrative costs of the Borrower other than costs of administration of the System; <u>provided</u> that for certain purposes described in Section 13.B of the Ordinance, deposits from the Rate Stabilization Fund (as defined in the Ordinance) into the Revenue Fund may be included in calculations of System Revenues.
	The WIFIA Loan will be secured by the Liens on the Collateral, which refers to (a) that portion of System Revenues that the Borrower has covenanted pursuant to the Ordinance Documents

to pay into the Parity Bond Fund and the accounts therein, and (b) all amounts set forth in the Parity Bond Fund and the accounts therein. The Liens on the Collateral for the benefit of the WIFIA Lender shall at all times be (i) pari passu in right of payment and right of security with the Liens on the Collateral for the benefit of the other Parity Bondowners and (ii) senior in right of payment and right of security to the Liens on the Collateral for the benefit of the holders of Subordinated Obligations.

TERM

The final maturity of the WIFIA Loan shall be January 1, 2051.

INTEREST RATE

The WIFIA Loan shall bear interest at a fixed rate, calculated by adding one basis point (.01%) to the rate of securities of a similar maturity as published, on the execution date of the WIFIA Loan Agreement, in the United States Treasury Bureau of Public Debt's daily rate table for State and Local Government Series (SLGS) securities, currently located on the Internet at <https://www.treasurydirect.gov/GA-SL/SLGS/selectSLGSDate.htm>. Interest shall be computed on the basis of a 360-day year of twelve (12) thirty (30) day months, and will be compounded semi-annually. The WIFIA Loan shall also bear interest at a rate of 500 basis points above the otherwise applicable interest rate at such times and upon such terms as is provided in the WIFIA Loan Agreement.

COUNTERPARTS

This Term Sheet and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

[Signature Pages to Follow]

If the foregoing terms are acceptable, please countersign this letter in the space indicated below.

Sincerely,

**UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY**, acting by and through
the Administrator of the Environmental Protection
Agency

By: _____

Name: E. Scott Pruitt

Title: Administrator

ACKNOWLEDGED AND AGREED TO:

KING COUNTY, WASHINGTON, by its authorized official

By: _____

Name:

Title: