

Special Meeting Agenda

PUD Board of Commissioners

Tuesday, October 15, 2024 3:00 PM

310 Four Corners Rd.

Port Townsend, WA 98368

and online via Zoom



To join online go to: <https://zoom.us/my/jeffcopud>. Follow the instructions to login. Meetings will open 10 minutes before they begin. TOLL FREE CALL IN #: 833-548-0282, Meeting ID# 4359992575#. Use *6 to mute or unmute. *9 to raise a hand to request to begin speaking.

1. Call to Order

JPUD will be offering both virtual on-line meetings as well as in-person meetings, unless advance notice is provided. Online participant audio will be muted upon entry. Please unmute at the appropriate time to speak. If you are calling in, use *6 to mute and unmute and *9 to raise a hand to request to speak.

2. Roll Call

Establishment of Quorum by confirming attendance of commissioners present.

3. Agenda Review

Recommended Action: Approve a Motion to adopt agenda as presented

4. Presentation: Foster Pepper RUS RESP Loan Bond

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[Redacted RESP Note for C50.pdf](#) 

[Bond Resolution Jefferson PUD RUS 2024\(102579927.2\).docx](#) 

[RESP Agreement Jefferson County PUD 1 2024\(102578353.2\).docx](#) 

5. Adjourn

RUS Electric RESP Note
Zero Interest

PROJECT DESIGNATION:

XXXXXXXXXXXXXXXXXXXX

NOTE

made by

XXXXXXXXXXXXXXXXXXXX

to

UNITED STATES OF AMERICA

NOTE

Date of Note: xxxxxxxx, 2024
Final Maturity Date: xxxxxxxx, 20xx
Place of Issue: xxxxxxxxxxxxxxxx

1. Amount. xxxxxxxxxxxxxxxxxxxxxxxx (hereinafter called the "Borrower"), a corporation organized and existing under the laws of the State of xxxxxxxxxxxx, for value received, promises to pay to the order of the UNITED STATES OF AMERICA (hereinafter called the "Government"), acting through the Administrator of the Rural Utilities Service (hereinafter called the "Administrator"), at the United States Treasury, Washington, D.C., at the times and in the manner hereinafter provided, such sums as may be advanced from time to time, not to exceed xxxxxxxxxxxxxxxx DOLLARS AND NO CENTS (\$xxxxxxxxxxxxx.00), with interest payable from the date of each advance ("Advance") on the unpaid principal balance remaining unpaid from time to time, at the rate of zero percent (0%) per annum.
2. Fund Advance Period. Funds will be advanced under this Note pursuant to this Note and a loan contract dated as of xxxxxxxxxxxx, 2024, between the Borrower and the Government as it may be amended from time to time (the "Loan Contract"). The fund advance period for this Note begins on the date of this Note and ~~(10) years from~~ the date of this Note (the "Termination Date"), but in no event may an Advance be made hereunder that would result in an Advance contrary to the Antideficiency Act, 31 U.S.C. § 1341.
3. Advances. Except as provided in Paragraph 4, any Advance of loan funds to the Borrower shall be made pursuant to the terms of this Note and the Loan Contract, shall not exceed 50 percent of the approved loan amount (as set forth in the Loan Contract and hereinafter "Loan Amount") in any consecutive 12-month period, and shall be amortized for a period not to exceed 10 years. Each payment for each Advance shall be made payable monthly on the last day of each month (the "Monthly Payment Date") beginning on the Monthly Payment Date following the first month after each Advance of principal. Thereafter, to and including a date not more than 10 years after the date of each Advance (the "Amortization Period"), the Borrower shall make a monthly payment ("Monthly Payment") on each Monthly Payment Date in each year and each payment shall be (a) substantially equal to all subsequent Monthly Payments and (b) in an amount that will pay all principal on the Advance no later than the Monthly Payment Date in the last month of the Amortization Period; however, in no event shall any amounts remain outstanding after the Final Maturity Date.
4. Special Advance. Pursuant to this Note and the Loan Contract, the Borrower may request a Special Advance, as defined in the Loan Contract, in an amount which shall not exceed 4 percent of the Loan Amount. Terms for the Special Advance will be as agreed to by the Government and as outlined in the Loan Contract, but No Special Advance may be made more than 10 years after the date of this Note. Repayment of the Special Advance may be deferred in full to the end of the Amortization Period for the Special Advance, but all principal on the Advance must be paid no later than the final Monthly Payment Date of the Amortization Period for the Special Advance and in no event no later than the Final Maturity Date.
5. Final Maturity Date. Notwithstanding anything in this Note or the Loan Contract to the contrary, all amounts outstanding under this Note remaining unpaid as of the Final Maturity Date shall be due and payable on the Final Maturity Date.
6. Prepayment. The Borrower on any Monthly Payment Date, as hereinabove provided, may pay all or any part of the principal hereof then advanced pursuant to the Loan Contract and remaining unpaid, but so long as any of the principal hereof advanced pursuant to the Loan Contract shall remain unpaid, the Borrower shall be obligated to make the Monthly Payment on account of principal, in the amount hereinabove provided, unless the Borrower and the holder of this Note shall otherwise agree. The Borrower may pay the principal amount of this Note in full at any time on a Monthly Payment Date without penalty by paying in full to the Government the amount outstanding under this Note.
7. Late Payments. A late charge shall be charged on any Monthly Payment not made within five (5) days of the date the Monthly Payment Date. The late charge rate shall be computed on the unpaid portion of the Monthly Payment amount from the Monthly Payment Date at a rate equal to the rate of the cost of funds to the United States Treasury as prescribed and published by the Secretary of the Treasury. In addition, the Borrower shall pay administrative costs

and penalty charges assessed in accordance with applicable Government regulations. Acceptance by the Government of a late payment shall not be deemed to be a waiver of any right or remedy of the Government.

8. Security. This Note has been executed and delivered pursuant to and is secured by the Mortgage, as defined in the Loan Contract, as the same may have been amended or supplemented by any supplemental security instrument or supplemental mortgages and security instruments (said security instrument and any such supplemental mortgage(s) and security instrument(s) being hereinafter collectively called the "Mortgage"), and may be one of several notes (the "Notes") permitted to be executed and delivered by the Borrower pursuant to the Mortgage. The Mortgage provides that all Notes shall be equally and ratably secured thereby and reference is hereby made to the Mortgage for the terms regarding the security and the rights of the holders of Notes with respect thereto.

9. Default and Acceleration. In case of default by the Borrower under this Note, the Loan Contract or the Mortgage, as provided in these loan documents, all principal advanced pursuant to this Note and the Loan Contract and remaining unpaid on this Note and any other Notes at the time outstanding, and any other amounts due thereon by the Borrower, may be declared or may become due and payable in the manner and with the effect provided in the Mortgage.

10. Noteholder. This Note evidences indebtedness created by a loan made by the Government under Section 6407 of the Farm Security and Rural Investment Act of 2002, 7 U.S.C. § 8107a, as amended. If the Government shall at any time assign this Note and insure the payment hereof, the Borrower shall continue to make payments hereunder to the Government as collection agent for the insured holder, and, for purposes of the Mortgage, the Government, and not such insured holder, shall be considered to be, and shall have the rights of, the noteholder.

11. Additional Notes. If the Government, at any time prior to the advance of the entire principal amount hereof on account of this Note, shall make a written endorsement hereon stating the amount advanced on account of the principal hereof, and shall notify the Borrower, in writing, of such endorsement, then the principal amount of this Note shall be deemed to be and shall become reduced to the amount specified in such endorsement, and the Borrower shall then execute and deliver to the Government one or more additional notes, in an amount or amounts designated by the Government which in the aggregate shall be equal to the then unadvanced portion of the original principal amount of this Note, such additional notes to be dated the date of execution, to be in substantially the same form, and to bear the same interest rate, as this Note. The Borrower, upon the request therefor in writing by the Government, shall execute and deliver to the Government two or more notes, in substitution for this Note, in substantially the same form and bearing the same interest rate and date (except that any such substitute note which will evidence only an unadvanced portion of this Note may, at the discretion of the Government, be dated the date of execution), in an aggregate principal amount which shall be equal to the principal amount of this Note, but in such individual principal amounts as the Government shall request; provided that (i) all payments which shall have been made on account of the principal of and interest on this Note shall be credited on account of such substitute notes and (ii) the Government shall return this Note to the Borrower upon receipt and acceptance of such substitute notes.

12. References to Regulations. References in this Note to specific Government published notices, rules or regulations will apply to corresponding provisions in future versions of such notices, rules or regulations.

13. Terms of Note Control. In the event of a conflict between the terms of this Note and the terms of the Loan Contract, the terms of this Note control.

IN WITNESS WHEREOF, the Borrower has caused this Note to be signed in its corporate or legal name and its corporate or legal seal, if any, to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first above written.

XX

By: *[Handwritten Signature]*

Name: XXXXXXXXXXXXXXXXXXXX

Title: XXXXXXXXXXXXXXXXXXXX



(Seal)

Attest:

**PUBLIC UTILITY DISTRICT NO. 1
JEFFERSON COUNTY, WASHINGTON
RESOLUTION NO. _____**

A RESOLUTION of Public Utility District No. 1 of Jefferson County, Washington, authorizing the issuance of an Electric System Revenue Bond in the principal amount of not to exceed \$5,000,000 to provide funds to loan to qualified customers for the purpose of implementing energy efficiency measures; authorizing the sale of the Bond to the United States Department of Agriculture, Rural Utilities System; fixing and approving the terms and covenants of the Bond; and providing for other matters properly related thereto.

Adopted October 15, 2024

*This document prepared by:
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RESOLUTION NO. _____

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WHEREAS, Public Utility District No. 1 of Jefferson County, Washington (the "District"), has previously borrowed from the United States Department of Agriculture, Rural Utilities System ("RUS") pursuant to the Rural Electrification Act of 1936, as amended, through an Electric System Revenue Bond, 2023, in the form of a "Treasury Direct Bond" (the "2023 Bond");

WHEREAS, to provide loans to qualified consumers for the purpose of implementing Energy Efficiency Measures (the "Project"), the District applied to RUS for financial assistance under the Rural Energy Savings Program ("RESP") pursuant the applicable regulations (7 CFR Part 1719) and related funding notices published in the Federal Register (the "RESP Regulations");

WHEREAS, in order to finance the Project, it is hereby found necessary and advisable that the District issue its Electric System Revenue Bond, 2024 (the "Bond"); and

WHEREAS, the United States of America, acting through the Administrator of Rural Utilities Services has agreed to purchase the Bond authorized herein under the terms and conditions set forth in this resolution; and

WHEREAS, based on the foregoing, it is in the District's best interest to (a) authorize the issuance of the Bond, (b) authorize the sale and delivery of the Bond to the RUS upon the terms set forth in this resolution, and (c) to execute a Bond Purchase Contract and such documents as are required in connection with the Bond;

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. Definitions. As used in this resolution the following words and phrases shall have the meanings set forth below unless the context clearly indicates that another meaning is intended.

"2013 Bond" means the District's Electric System Revenue Bond, 2013 issued pursuant to Resolution No. 2012-024.

"2023 Bond" means the District's Electric System Revenue Bond, 2023, issued pursuant to Resolution No. 2023-013, in the form of the "Treasury Direct Bond."

“2024 Bond Account” means the special account to be known as the “Revenue Bond Account, 2024,” created pursuant to Section 10 within the Parity Bond Fund for the payment of debt service on the Bond.

“Advance” means an incremental draw on the Bond.

“Annual Debt Service” means the amount required in each calendar year hereafter for deposit into the Parity Bond Fund (including any amounts required to be deposited into a sinking fund for the mandatory redemption of term bonds) for the payment of the principal of and interest on all Parity Bonds outstanding.

“Bond” means the not to exceed \$5,000,000 principal amount Public Utility District No. 1 of Jefferson County, Washington, Electric System Revenue Bond, 2024, issued pursuant to this resolution, in the form of the “RUS Electric RESP Note” provided by United States Department of Agriculture, Rural Utilities Service attached as Exhibit B to this resolution.

“Bond Purchase Contract” means the RUS Bond Purchase Contract between the District, as Borrower, and the United States of America, as lender, acting by and through the Administrator of the Rural Utilities Service (RUS Project Designation: Washington 60 “C50” Jefferson), a draft form, subject to additional changes, of which is attached as Exhibit A to this resolution.

“Commission” means the Board of Commissioners, which is the governing body of the District as the same shall be duly and regularly constituted from time to time.

“Coverage Requirement” means, in any calendar year, an amount of Net Revenue equal to at least 1.25 times Annual Debt Service.

“District” means Public Utility District No. 1 of Jefferson County, Washington, a municipal corporation duly organized and existing under the laws of the State.

“Finance Director” means the Finance Director, Treasurer or other chief financial officer of the District.

“Future Parity Bonds” means all revenue bonds of the District issued after the date of issuance of the Bond, the payment of the principal of and interest on which constitutes a lien and charge upon the Revenue Fund of the District and upon the Revenue of the System (after payment of all Operating Expenses), that is equal in rank with the lien and charge granted in connection with the Bond, the 2013 Bond, the 2023 Bond and any Future Parity Bonds.

“Government Obligations” means those obligations defined as such in Revised Code of Washington, ch. 39.53, as now or hereafter amended.

“Net Revenue” means Revenue of the System, less Operating Expenses, but prior to depreciation.

“Operating Expenses” means all necessary expenses incurred by the District in causing the System to be operated and maintained in good repair, working order and condition, excluding nonrecurring expenditures. “Operating Expenses” shall include, without limitation: purchased power expenses; administrative and general expenses; insurance premiums; required payments to pensions and other employee benefits;

expenses incurred in preparing annual financial statements; and all taxes and assessments required by law to be paid by the District. Operating Expenses do not include costs of new construction, extraordinary, non-reoccurring expenses, amortization or any allowance for depreciation.

“Parity Bonds” means the 2013 Bond, the 2023 Bond, the Bond, and any Future Parity Bonds.

“Parity Bond Fund” includes the Bond Accounts created by the Parity Bond Resolutions for the payment of debt service on any outstanding Parity Bonds, together with the 2024 Bond Account.

“Parity Bond Resolutions” means, collectively, Resolution No. 2012-024 authorizing the issuance of the 2013 Bond, Resolution No. 2023-013 authorizing the issuance of the 2023 Bond, this resolution, and any resolution authorizing the issuance of Future Parity Bonds.

“Parity Conditions” means the conditions which must be met prior to the issuance of any Future Parity Bonds, which are set forth in Section 13B.

“Permitted Investments” means any investments or investment agreements permitted for the District under the laws of the State as amended from time to time.

“Project” means the financing of loans to Qualified Consumers for the purpose of implementing an Energy Efficiency Program as provided in the Act and the RUS Regulations, and implementation costs, as defined and set forth in the District’s application for the loan from RUS.

“Project Account” means a separate account maintained within the District’s Special Construction Account (as referred to in the Bond Purchase Contract), to be designated the “Jefferson County PUD #1 Project Fund, Trustee, RUS Special Project Account 2024.”

“Purchaser” means the United States Department of Agriculture, Rural Utilities Service.

“Revenue Fund” means the Electric System Revenue Fund.

“Revenue of the System” means all income and revenues received by the District from the sale of electric energy through the ownership or operation of the Electric System and all other commodities, services and facilities sold, furnished or supplied by the District through the ownership or operation of the Electric System, together with the investment income earned on money held in any fund or account of the District, including any bond redemption funds and the accounts therein, in connection with the ownership and operation of the Electric System. “Revenue of the System” excludes: income derived from investments irrevocably pledged to the payment of any specific revenue bonds of the District, such as bonds that have been refunded or defeased pursuant to Section 8; investment income earned on money in any arbitrage rebate account; grants for capital purposes; assessments in any local utility district; and any *ad valorem* tax revenues.

“RUS” means the United States of America acting by and through the Administrator of the Rural Utilities Services.

“System” or “Electric System” means all electric utility properties and assets real and personal, tangible and intangible, of the District used or useful in the transmission, distribution and sale of electric energy and the business incidental thereto, including all property and assets hereafter constructed or acquired as additions or betterments to and improvements and extensions of all such properties, including telecommunication facilities unless such facilities are separated from the Electric System. The “System” shall not include the Water System, the Sewer System, or such generating, transmission and distribution facilities as may be hereafter acquired by the District as, and specifically declared to be, a separate utility system, the revenues of which may be pledged to the payment of bonds issued to purchase, construct, or otherwise acquire such separate utility system.

“Treasurer” means the Jefferson County Treasurer, as *ex officio* treasurer of the District, or such other person or office as may hereafter be designated by law to perform the duties of treasurer of the District.

Section 2. Authorization of Project and System. The Commission hereby specifies and adopts the Project as a plan for the System. The Commission may modify details of the Project as necessary or advisable in the judgment of the Commission. The total estimated cost of the Project will be at least \$5,000,000, or the amount of Advances on the Bond, which will be paid or reimbursed from proceeds of the Bond and other available funds of the District. The Commission hereby finds that it is in the best interests of the District and the users of the Electric System that the District issue the Bond for the purpose of providing funds to finance a portion of the costs of the Project.

Section 3. Finding as to Sufficiency of Revenues The Commission finds and determines that the Revenue of the System and benefits to be derived from the operation and maintenance of the Electric System at the rates to be charged for electricity furnished thereby will be sufficient to meet all Operating Expenses and to permit the setting aside into the Parity Bond Funds out of the Revenue of the System of amounts sufficient to pay the principal of and interest on the Bond when due. The Commission declares that in fixing the amounts to be paid into the Parity Bond Fund under this resolution it has exercised due regard for Operating Expenses (including, without limitation, the cost of operation and maintenance under RCW 54.24.040) and has not obligated the District to set aside and pay into the Parity Bond Fund a greater amount of Revenue of the System than in its judgment will be available over and above such Operating Expenses.

Section 4. Authorization and Description of Bond. For the purpose of financing the Project and paying costs of issuing the Bond (as permitted by RUS), the District shall issue its electric revenue bond, designated as the “Public Utility District No. 1 of Jefferson County, Washington, Electric System Revenue Bond, 2024,” in the form of the RUS Electric RESP Note in the principal amount of not to exceed \$5,000,000. The Bond shall be dated as of its date of delivery and shall bear interest on the unpaid balance at the rate of zero percent and calculated on the basis all as set forth in the Bond, which is incorporated by this reference. The outstanding principal balance of the Bond on any particular date, and the interest due on any particular Advance, shall be determined as set forth in the Bond. The Bond shall mature and shall be amortized as to principal and interest as set forth in the Bond. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America in the manner set forth in the

Bond. The late payment fees set forth in the Bond shall apply. The Bond shall be an obligation only of the 2024 Bond Account and shall be payable and secured solely as provided herein.

A. Officer Authorized to Request Advances. The General Manager and Finance Director (if permitted by RUS Regulations) are authorized to make requests for Advances in accordance with the terms set forth in the Bond.

B. Prepayments and Refinancing. The District may elect to prepay or to refinance all or any portion of the outstanding principal amount of any Advance made under the Bond, or to prepay the Bond in its entirety, in the manner, at the price, and subject to the limitations, charges and penalties specified in the Bond.

C. Loan Fees. The District shall pay an annual loan servicing fee as set forth in the Bond; there is no origination fee.

Section 5. Form of Bond. The Bond shall be in substantially the form set forth in Exhibit B to this resolution.

Section 6. Disposition of Bond Proceeds; Project Account. The proceeds of each Advance shall be used to pay the costs of the Project and pay costs of issuing the Bond (as permitted by RUS). If not disbursed directly to pay the foregoing, the proceeds of any Advance shall be deposited, until needed, into the Project Account. All proceeds deposited in the Project Account and not immediately needed to pay the costs of the Project and costs incidental thereto may be temporarily invested in Permitted Investments that will mature prior to the date on which the money so invested shall be needed. All proceeds and all interest earned and income or profits derived by virtue of such investments shall remain in the Project Account and be used for the acquisition, installation and construction of the Project or other improvements to the Electric System. Any Bond proceeds and investment earnings thereon not required for such purposes shall be deposited in the 2024 Bond Account and used to redeem outstanding Advances at the earliest date on which such Advances shall mature or be callable.

Section 7. Execution, Issuance and Delivery of the Bond and Related Documents. The Bond shall be signed by the President of the Board of Commissioners of the District and attested by the General Manager or Secretary of the Commission. In case either or both of the officers who have signed or attested the Bond cease to be such officer before such Bond have been actually issued and delivered, such Bond shall be valid nevertheless and may be issued by the District with the same effect as though the persons who had signed or attested such Bond had not ceased to be such officers, and the Bond may be signed or attested on behalf of the District by officers who at the date of actual execution of such Bond are the proper officers, although at the nominal date of execution of such Bond such officer was not an officer of the District. The Bond shall be certified and registered in accordance with the certificate of authentication and registration requirements set forth therein, if any. The proper District officials are hereby authorized to effect delivery of the Bond as set forth herein.

Section 8. Defeasance of Parity Bonds. In the event that the District, in order to effect the payment, retirement or redemption of any Parity Bonds, sets aside in the Parity Bond Funds or in another special account, held in trust by a trustee, cash and/or

noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Parity Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Parity Bond Funds for the payment of the principal of and interest on such Parity Bond. The owner of a Parity Bond so provided for shall cease to be entitled to any lien, benefit or security of the resolution authorizing its issuance except the right to receive payment of principal, premium, if any, and interest from such special account, and such Parity Bond shall be deemed to be not outstanding under the resolution authorizing its issuance.

Section 9. Revenue Fund. There has previously been established in the office of the Treasurer a special fund of the District designated the “Electric System Revenue Fund.” The District covenants and agrees that, so long as any Parity Bonds are outstanding and unpaid, it will continue to pay into the Revenue Fund all Revenue of the Electric System, together with the proceeds received by the District directly or indirectly from the sale, lease or other disposition of any of the properties or facilities of the Electric System.

Section 10. Bond Fund; Payments into the Parity Bond Fund. The District hereby creates the 2024 Bond Account within the Parity Bond Fund for the payment of the Bond. The Parity Bond Fund shall be drawn upon for the sole purpose of paying the principal and interest on the Parity Bonds. Amounts set aside, from time to time, in the Parity Bond Fund for the Parity Bonds and the interest thereon shall be held in trust for the holders of the Parity Bonds.

A. The 2024 Bond Account. The 2024 Bond Account shall be created in the Parity Bond Fund and used solely for the purpose of paying the principal of and interest on the Bond, and of retiring such Bond prior to maturity in the manner provided in this resolution and the Bond Purchase Contract. The District hereby obligates and binds itself irrevocably to set aside and pay into the Bond Account out of the Revenue of the System paid into the Revenue Fund monthly deposits as required by the Bond Purchase Contract, without regard to any fixed proportion of Revenue of the System, sufficient to pay the principal of and interest on the Bond on the next upcoming interest or principal payment date, as the same shall come due and become payable.

To meet the required payments to be made into the Bond Fund, the District may transfer any money from any funds or accounts of the District legally available therefor, except bond redemption funds, refunding escrow funds or defeasance funds. Whenever and so long as the assets of the 2024 Bond Account are sufficient to provide money to pay all Advances then outstanding against the Bond, including such interest and loan servicing fees as may thereafter become due thereon, no further payments need be made into the 2024 Bond Account.

B. Reserve Account. A Reserve Account may be created in the Parity Bond Fund to secure one or more series of Parity Bonds. In the resolution authorizing such Parity Bonds, the reserve account requirement shall be established. There is no reserve account securing the Bond.

Section 11. Flow of Funds. The Revenue of the System shall be used for the following purposes only and shall be applied in the following order of priority:

- (1) To pay the Operating Expenses;
- (2) To make all required deposits into (in the following order of priority): the Parity Bond Fund, to pay interest first and then principal, and then any reserve account created within the Parity Bond Fund for the purpose of paying and securing the principal of and interest on the Parity Bonds as such payments are required to be made, including making all payments required to be made into any mandatory redemption or sinking fund account created to provide for the payment of the principal of term bonds, except that if there is not sufficient money to make all payments under all Parity Bonds then outstanding, the payments will be made on a pro rata basis;
- (3) To make all payments required to be made into any revenue bond, note, warrant or other revenue obligation redemption fund, debt service fund or reserve fund created to pay or secure the payment of the principal of and interest on any revenue bonds, notes, warrants or other obligations of the District having a lien upon the Net Revenue junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds; and
- (4) Without regard to priority and at the option of the Commission, to retire by redemption or purchase in the open market any outstanding revenue bonds or other revenue obligations of the System, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the System, or for any other lawful System purpose.

Section 12. Pledge and Lien Position. The principal of and interest on the Future Parity Bonds, the Bond, the 2023 Bond and the 2013 Bond, shall hereafter be payable from, and such payment shall be secured by a single and common lien and charge on the Net Revenue and amounts in the Revenue Fund superior to all other liens or charges of any kind or nature and equal in rank to the lien and charge thereon for the payment of the principal of and interest on any Parity Bonds. The lien and charge shall be a lien and charge on Revenue of the System and amounts in the Revenue Fund after payment only of Operating Expenses. The Parity Bonds and the interest thereon shall be a valid claim of the holder thereof only against the Parity Bond Funds and the amount of the revenues of the District pledged to the Parity Bond Funds, and shall constitute a prior charge over all other charges or claims whatsoever against the Parity Bond Funds.

Section 13. Covenants.

A. Parity Bond Covenants. The District covenants with the owner and holder of the Bond and of any Parity Bonds that, for as long as the same remain outstanding:

- (1) The District will duly and punctually pay or cause to be paid the principal of the Parity Bonds and the interest thereon on the dates and at the places and in the manner provided in this resolution and the resolutions authorizing Parity Bonds.

- (2) The District will duly and punctually pay all taxes and assessments required by law to be paid.
- (3) The District will establish, maintain and collect rates and charges for electric energy and other commodities and facilities sold, furnished or supplied by it in connection with the operation of the System which shall be fair and nondiscriminatory and will be sufficient to meet the Coverage Requirement.
- (4) The District will at all times maintain, preserve and keep the System and all additions, betterments and improvements thereto and extensions and every part and parcel thereof in good repair, working order and condition, and will from time to time make all necessary and proper repairs, replacements, renewals, additions, betterments and improvements thereto and extensions thereof so that at all times the business carried on in connection therewith will be managed in an efficient manner and at a reasonable cost.
- (5) The District will not sell or otherwise dispose of the properties of the System, except as provided in the applicable RUS Bulletin, unless simultaneously with such sale or other disposition of such property provision is made for the payment of cash into the Parity Bond Fund sufficient to pay the principal of, premium if any, and interest on all Parity Bonds then outstanding in full. However, the District may sell or otherwise dispose of any of the works, plants, properties and facilities of the District and all real and personal property comprising a part of the same which shall have become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the System, or no longer necessary, material to or useful in such operation. The proceeds of any such sale or disposition of a portion of the properties of the System shall be paid into the Revenue Fund and shall, at the option of the District, be used for repairs, renewals, replacements, additions, betterments or improvements to or extensions of the System, or used to repay, or to call and redeem or purchase on the open market, any Parity Bonds then outstanding in accordance with their terms, in the time, manner and to the extent that such redemption or purchase is permitted by the resolution authorizing the issuance and sale of such bonds.

Upon the approval of the Purchaser, or once the 2013 Bond is no longer outstanding, the District shall only be required to comply with the requirements of this subsection if the proceeds of such sale or other disposition shall be in excess of 5% of the value of the net utility plant of the Electric System.

- (6) The District will keep the works, plants, properties and facilities comprising the System insured and will carry such other insurance with responsible insurers, or maintain self insurance with policies payable to the District, against risks, accidents or casualties at least to the extent that insurance is usually carried by public and private corporations operating like properties. In the event of any loss or damage the District will promptly repair or replace the damaged portion of the insured property and apply the proceeds of any insurance policy or policies for that purpose; or in the event the District

should determine not to repair, replace or reconstruct such damaged portion of the properties of the System, the proceeds of such insurance shall be paid into the Revenue Fund and shall, at the option of the District, be used for repairs, renewals, replacements, additions, betterments or improvements to or extensions of the System or such other use as the Commission shall determine.

- (7) The District will keep proper books and records of the operation of the System in accordance with the rules and regulations prescribed by the State Auditor's Office of the State of Washington or any other state department or agency succeeding to such duties of the State Auditor's Office. The District will cause to be prepared an annual financial and operating statement showing the revenues and expenditures of the System for each fiscal year and a balance sheet of the System as of the end of each fiscal year.
- (8) The District will not furnish or supply or permit the furnishing or supplying of electric energy or any other commodity, service or facility furnished by or in connection with the operation of the System free of charge to any person, firm or corporation, public or private, except to the poor or infirm in accordance with the State Constitution, and that it will promptly enforce the payment of any and all accounts owing to the District and delinquent by discontinuing service or by legal actions, suits and proceedings, or both.

B. Additional Bonds. The District covenants and agrees with the owner and holder of each of the Parity Bonds for as long as any of the same remain outstanding that it will not issue any Future Parity Bonds except as follows:

- (1) The District reserves the right to issue additional bonds for the purpose of (i) acquiring, constructing and installing additions, betterments and improvements to or extensions of, acquiring necessary equipment for, or making necessary renewals, replacements and capital improvements to the system, or (ii) refunding or purchasing and retiring prior to their maturity any outstanding electric revenue bonds or warrants of the District. Upon compliance with the Parity Conditions, the District may pledge that payments shall be made out of the Revenue Fund to the credit of the Future Parity Bond Funds to be created (and the interest, principal and reserve accounts therein) to pay and secure the payment of the principal of and interest on such Parity Bonds on a parity with the payments required to be made out of the Revenue Fund into the Parity Bond Funds to pay and secure the payment of the principal of and interest on the Parity Bonds.

Future Parity Future Parity Bonds may be issued only upon compliance with the following conditions; provided that if RUS is the purchaser of all outstanding Parity Bonds, such conditions may be waived by RUS:

- (a) At the time of the issuance of such Future Parity Bonds there may be no deficiency in any accounting in the Parity Bond Fund.

- (b) The resolution providing for the issuance of such Future Parity Bonds must provide for the creation of a bond account in the Parity Bond Fund, and may provide for a reserve account to be created therein for the purpose of paying and securing the payment of the principal of and interest on such Future Parity Bonds as the same become due.
- (c) The resolution providing for the issuance of such Future Parity Bonds must contain substantively the same covenants as set forth in Section 13.
- (d) The amount of Net Revenue, for any 12 consecutive months out of the 24 months next preceding the month of the issuance of the Future Parity Bonds, must equal at least 1.25 times the maximum Annual Debt Service of all then-outstanding Parity Bonds and the proposed Future Parity Bonds. For purposes of this calculation, Net Revenue may be adjusted as follows:
 - (i) By adding the Net Revenue to be derived from additions, betterments and improvements to and extensions of the Electric System to be constructed, acquired or added to prior to the issuance of such Parity Bonds and not reflected in the report of the 12-month base period;
 - (ii) By adding the Net Revenue to be derived from the additions, betterments and improvements to and extensions of the Electric System to be acquired, constructed and installed out of the proceeds of sale of such Future Parity Bonds;
 - (iii) By adding (or subtracting) the effect of any increase or decrease in rates and charges for electric energy supplied, which occurred after such 12-month base period, if such changes in rates or charges are made effective prior to the date of delivery of such Future Parity Bonds; and
 - (iv) By adding the net revenue to be derived from new customers added to the System prior to the date of the certificate (described in item (v), below) but subsequent to the commencement of such 12-month base period, which net revenue is not reflected or fully reflected in the report of the 12-month base period.
- (e) Prior to issuing such Future Parity Bonds, the District shall obtain and have on file a certificate from an independent licensed professional engineer or engineering firm experienced in the design and operation of electric utilities which shall certify full compliance with the provisions of items (a) and (d), above, and such certificate shall be

conclusive of compliance with the conditions required therein. However, if the requirements of item (d) can be met without making any adjustment pursuant to subparagraphs (i) through (iv) of item (d), such certificate may, at the District's option, be provided by the District's Finance Director or General Manager.

- (f) At or prior to the time of issuance of such Future Parity Bonds, the District must have on file the consent of the Administrator to the issuance thereof if required by the Bond Purchase Contract.
- (2) The District further reserves the right, without necessity of complying with the Parity Conditions, to issue Future Parity Bonds for the purpose of refunding by exchange, purchase or redemption and retirement at or prior to their maturity any part or all of the Parity Bonds then outstanding, if the issuance of such refunding Parity Bonds does not require a greater amount to be paid out of the Revenue Fund for principal of and interest on such refunding Parity Bonds over their life than the amount required to be paid out of the Revenue Fund for the payment of the principal of and interest on the bonds being refunded over their life.
- (3) Nothing herein contained shall prevent the District from issuing revenue bonds or warrants which are a charge upon the Revenue Fund junior or inferior to the payments required to be made into the Parity Bond Funds or from issuing revenue bonds to refund maturing bonds or warrants for the payment of which moneys are not otherwise available.

C. Additional Covenants with Respect to the Bond. With respect to the Bond evidenced by the Bond Purchase Contract, the District makes and agrees to be bound by the additional covenants, representations and warranties as are set forth in the Bond Purchase Contract. If any provision of this resolution is inconsistent with the Bond Purchase Contract, this resolution shall control. The additional covenants made to the holder of the Bond include, without limitation, the following:

- (1) The District will obtain the classes and amounts of insurance coverage all as set forth in the Bond Purchase Contract.
- (2) The District shall purchase all materials, equipment and replacements to be incorporated in or used in connection with any of its properties embraced in the System outright, and not subject to any conditional sales agreement, chattel mortgage, bailment lease, or other agreement reserving to the seller any right, title or lien. The District will not, without the approval in writing of the holder or holders of the Bond, become or be obligated under Long-Term Leases for the rental from others of Restricted Property if the aggregate amount of rentals thereunder accrued or which may accrue during any period of 12 calendar months shall exceed 2% of the Equity of the District at the time any determination of such rental obligations is made hereunder. For purposes of this paragraph (3), the following capitalized terms shall have the following meanings:

- (i) "Equity" means the aggregate of Equities and Margins as such terms are defined in the Uniform System of Accounts and Subordinated Indebtedness.
 - (ii) "Long-Term Leases" means leases having unexpired terms of more than 12 months, taking into account terms of renewal at the option of the lessor, whether or not such leases have theretofore been renewed.
 - (iii) "Restricted Property" means all properties other than automobiles, trucks, trailers, tractors, other vehicles (including without limitation aircraft and ships), office, garage and warehouse space and office equipment.
- (3) The District shall not, without the approval in writing of the Administrator: construct, make, lease, purchase, or otherwise acquire any extensions or additions to the System, or enter into any contract in respect thereof; enter into any contract or contracts for the operation or maintenance of all or any part of its property embraced in the System, or for the use by others of any of its property embraced in the System; or incur any expenses for legal, engineering, supervisory, accounting, construction or other similar services in connection with the operation of the System except such reasonable expenses as are incurred in the routine course of business.
- (4) The District shall duly and punctually perform all obligations to be performed by it hereunder and under the Bond Purchase Contract.

Section 14. Events of Default; Remedies. The Events of Default shall be specified in the Bond Purchase Contract executed in connection therewith. Notwithstanding the foregoing, if any principal or interest payment with respect to any Parity Bond is not paid when due, or is not paid after being properly presented at its maturity or call date, the District shall be obligated to pay interest on that bond at the same rate provided in that Parity Bond from and after its maturity or call date until that Parity Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Parity Bond Fund with respect to such Parity Bond and notice of call for payment has been given to the owner thereof.

Section 15. Sale of Bond. The Bond shall be sold to the Purchaser at a price of par on the terms and conditions set forth in this resolution, the Bond Purchase Contract and the Bond. The proper officials of the District are hereby authorized and directed to do all things necessary for the prompt execution and delivery of the Bond and the items required to be delivered to the Purchaser under the terms of this resolution and for proper use and application of the proceeds of Advances on the Bond.

Section 16. General Authorization. The General Manager, Finance Director and the President and Secretary of the Board of Commissioners, and each of the other appropriate officers, agents and representatives of the District are each independently authorized and directed to take such steps, to do such other acts and things, and to

execute the Bond Purchase Contract (in as many counterparts as shall be deemed advisable) in the final form negotiated and approved by the General Manager, and pursuant to the direction of the Commission, to execute and deliver from time to time Advance requests, notices, and other documents to be delivered in connection with the Bond, and such other documents as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified and confirmed.

Section 17. Additional Contracts. All of the provisions of this resolution shall constitute a contract between the District and the holder or holders of the Bond, and from and after the delivery of the Bond no amendment, alteration or modification of this resolution shall, without the prior written consent of the holder or holders of the Bond, be made which shall in any manner impair, impede or lessen the rights of the holder or holders of the Bond.

Section 18. Severability. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the District.

Section 19. Effective Date and Security Document. This resolution shall take effect immediately after its adoption and shall constitute a binding contract between the parties signed below under the heading "Execution as a Security Document."

ADOPTED AND APPROVED by the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington, at a meeting this 15th day of October, 2024.

PUBLIC UTILITY DISTRICT NO. 1 OF
JEFFERSON COUNTY, WASHINGTON

President, Jeff Randall

Vice President, Dan Toepper

Secretary, Kenneth Collins

EXECUTION AS A SECURITY AGREEMENT

IN WITNESS WHEREOF, the District has caused this Security Agreement to be signed in its name and its seal to be hereunto affixed and attested by its officers thereunto duly authorized, and the Government has caused this agreement to be duly executed, all as of the day and year of adoption by the District.

PUBLIC UTILITY DISTRICT NO. 1 OF
JEFFERSON COUNTY, WASHINGTON,
Borrower

(District Seal)

By: _____
Jeff Randall, President

Attest: _____
Kenneth Collins, Secretary

STATE OF WASHINGTON

County of Jefferson

ss

On this ___ day of _____, 2024, before me, _____, the undersigned officer, personally appeared Jeff Randall and Kenneth Collins who acknowledged themselves to be the President and Secretary, respectively, of Public Utility District No. 1 of Jefferson County, Washington, a corporation, and that they, as such President and Secretary, being authorized so to do, executed the foregoing instrument, for the purposes therein contained, by signing the name of the District by themselves as President and Secretary.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(S E A L)

Notary Public
My commission expires: _____

Exhibit A – Form of Bond Purchase Contract

[Form of Bond Purchase Contract]

Exhibit B – Form of Bond

[Form of Bond]

CERTIFICATE

I, the undersigned, Secretary of the Board of Commissioners (the "Board") of Public Utility District No. 1 of Jefferson County, Washington (the "District"), hereby certify as follows:

1. The attached copy of Resolution No. _____ (the "Resolution") is a full, true and correct copy of a resolution duly passed at a regular meeting of the Board of the District held at the regular meeting place thereof on October 15, 2024, as that resolution appears on the minute book of the District; and the Resolution is now in full force and effect.

2. That said meeting was duly convened, held and included an opportunity for public comment, in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given.

3. That a quorum was present throughout the meeting in person or through telephonic, electronic, internet, or other means of remote access, and a majority of the members of the Board of the District so present at the meeting voted in the proper manner for the adoption of the Resolution.

4. That all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of October, 2024.

Secretary

RUS Project Designation:

Washington 60 “C50” Jefferson

BOND PURCHASE CONTRACT

An Agreement Made By and Between

PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY, WASHINGTON

as Borrower

and

UNITED STATES OF AMERICA,

as Lender

Dated as of April 30, 2024

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BOND PURCHASE CONTRACT

THIS AGREEMENT, dated as of April 30, 2024, (this “Agreement”), is by and between **PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY, WASHINGTON** (the “Borrower”), a corporation organized and existing under the laws of the State of Washington (the “State”), and the **UNITED STATES OF AMERICA** (the “Government”), acting by and through the Administrator (together with any person succeeding to the powers and rights of the Administrator with respect to this Agreement, the “Administrator”), of the Rural Utilities Service (together with any agency succeeding to the power and rights of the Rural Utilities Service with respect to this Agreement, the “RUS”).

RECITALS

WHEREAS, the Borrower has previously borrowed from RUS pursuant to the Rural Electrification Act of 1936, as amended, on the terms and conditions stated in a prior bond purchase contract and related documents with RUS and such indebtedness, through an Electric System Revenue Bond, 2023, in the form of a “Treasury Direct Bond” (the “2023 Bond”), was issued pursuant to Resolution Nos. 2023-013 (as defined below);

WHEREAS, to provide loans to qualified consumers for the purpose of implementing Energy Efficiency Measures, the Borrower has applied to RUS for financial assistance under the Rural Energy Savings Program (“RESP”) pursuant the applicable regulations (7 CFR Part 1719) and related funding notices published in the Federal Register (the “RESP Regulations”);

WHEREAS, RUS is willing to extend financial assistance to the Borrower pursuant to Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended, on the terms and conditions stated herein; and

WHEREAS, the Borrower has executed the Bond (as defined below) pursuant to Resolution No. 2024-____ (the “Resolution”), and the Bond will be issued as a “Parity Bond” (as defined in the Resolution),

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

The terms defined herein include the plural as well as the singular and the singular as well as the plural. Terms that are not defined herein shall have the meanings as set forth in the RESP Regulations. Accounting terms not defined below are used in this Agreement in their ordinary sense and any computations relating to such terms shall be computed in accordance with the Accounting Requirements.

Accounting Requirements shall mean the requirements of the system of accounts prescribed in RUS Regulations so long as RUS is the holder, insurer or guarantor of the Bond and the 2023 Bond or in the absence thereof, the requirements of generally accepted accounting principles acceptable to RUS and applicable to businesses similar to that of the Borrower. Generally accepted accounting principles are those that are either promulgated by an authoritative accounting rulemaking body or accepted as appropriate due to wide-spread application in the United States. The Accounting Requirements also include compliance with the requirements of the applicable regulations: 2 CFR part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), as adopted by the United States Department of Agriculture through 2 CFR part 400, and the system of accounting prescribed by 7 CFR Part 1767.

Act shall mean Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended (7 U.S.C. § 8107a).

Advance or Advances shall mean advances of Loan funds to the Borrower which have been made or approved by RUS pursuant to the terms and conditions of this Agreement.

Agreement shall mean this Bond Purchase Contract, together with any and all schedules, exhibits and appendices and also any subsequent amendments, supplements, restatements or consolidations hereto or thereto.

Bond shall mean the RESP bond titled the Electric System Revenue Bond, 2024 in the form of a RUS Electric RESP Note, payable to RUS, executed and delivered to RUS, to evidence the Borrower's obligation to repay the Loan and all amendments, supplements, substitutions, extensions and replacements to, of or for such Bond.

Bond Documents shall mean, collectively, the Loan Documents and the Resolution.

Business Day shall mean any day that the RUS is open for business.

Electric System shall mean all electric utility properties and assets real and personal, tangible and intangible, of the Borrower used or useful in the transmission, distribution and sale of electric energy and the business incidental thereto, including all property and assets hereafter constructed or acquired as additions or betterments to and improvements and extensions of all such properties, including telecommunication facilities unless such facilities are separated from the Electric

System. The “System” shall not include the Borrower’s water system, the sewer system, or such generating, transmission and distribution facilities as may be hereafter acquired by the Borrower as, and specifically declared to be, a separate utility system, the revenues of which may be pledged to the payment of bonds issued to purchase, construct, or otherwise acquire such separate utility system.

Energy Efficiency Measures shall mean structural improvements and investments in cost-effective, commercially available technologies to increase energy efficiency for or at property served by the Borrower, as previously approved by RUS for funding pursuant to the Loan Commitment Letter. The improvements and investments must be for the purpose of decreasing Qualified Consumers’ energy usage or costs.

Energy Efficiency Program shall mean a program set up by a Borrower to provide financing to Qualified Consumers so that they can reduce their energy use or costs by implementing Energy Efficiency Measures.

Event of Default shall have the meaning as defined in Section 7.1.

Laws shall have the meaning defined in Section 2.1(e).

Loan Commitment Letter shall mean that letter dated as of the date referenced on Schedule 1 and notifying the Borrower of the RUS Commitment.

Loan Documents shall mean, collectively, this Agreement, the Bond and any other related loan documents or documents required by RUS for closing the Loan.

Loan shall mean, collectively, the loan or loans and other obligations described in Article III which are being made pursuant to the RUS Commitment in furtherance of the objectives of the Act, as evidenced by the Bond.

Multi-Tier Agreement shall mean the Multi-Tier Action Environmental Compliance Agreement submitted with the loan application and dated as of the date specified in Schedule 1 executed by the Borrower.

Principal Payments Received on RESP Loans shall mean those payments of principal from Qualified Consumers as a result of relending activity from the Energy Efficiency Program.

Qualified Consumer means a consumer served by the Borrower that has the ability to repay a loan made by the Borrower under an Energy Efficiency Program, as outlined in RESP Regulations.

RE Act shall mean the Rural Electrification Act of 1936, as amended (7 USC 901 et seq).

Resolution shall have the meaning as described in Schedule 1 hereto.

RUS Commitment shall mean the commitment by RUS for a Loan in the amount as reflected on Schedule 1.

RUS Loans shall mean any loans made or guaranteed pursuant to the RE Act.

RUS Regulations shall mean the RESP Regulations and applicable regulations published by RUS from time to time as they exist at the date of applicability thereof and shall also include any regulations of other federal entities which RUS is required by law to implement.

Special Advance means an advance, in the amount stated on Schedule 1, not to exceed four percent (4%) of the RUS Commitment to defray the startup costs of establishing a new Energy Efficiency Program or modifying existing programs to carry out the purposes of the Act.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties.

To induce RUS to make the Loan, and recognizing that RUS is relying hereon, the Borrower represents and warrants as follows:

- (a) Organization; Power, Etc. The Borrower: (i) is duly organized, validly existing, and in good standing under the laws of its state of incorporation; (ii) is duly qualified to do business and is in good standing in each jurisdiction in which the transaction of its business makes such qualification necessary; (iii) has all requisite organizational and legal power to own and operate its assets and to carry on its business and to enter into and perform the Loan Documents; (iv) has duly and lawfully obtained and maintained all licenses, certificates, permits, authorizations, approvals, and the like which are material to the conduct of its business or which may be otherwise required by law; and (v) is eligible to obtain the financial assistance from RUS contemplated by this Agreement.
- (b) Authority. The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents and the performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary organizational action and shall not violate any provision of law or of the Articles of Incorporation or by-laws of the Borrower or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which the Borrower is a party or by which it may be bound.
- (c) Consents. No consent, permission, authorization, order, or license of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Loan Documents, except such as have been obtained and are in full force and effect.
- (d) Binding Agreement. Each of the Loan Documents is, or when executed and delivered shall be, the legal, valid, and binding obligation of the Borrower, enforceable in accordance with its terms, subject only to limitations on enforceability imposed by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally.
- (e) Compliance with Laws. The Borrower is in compliance in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders (hereinafter collectively called "Laws"), the failure to comply with which could, or is likely to have a material adverse effect on the

condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents, except as the Borrower has disclosed to RUS in writing.

- (f) Litigation. There are no pending legal, arbitration, or governmental actions or proceedings to which the Borrower is a party or to which any of its property is subject which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, profits or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents, and to the best of the Borrower's knowledge, no such actions or proceedings are threatened or contemplated, except as the Borrower has disclosed to RUS in writing.
- (g) Statements in Application; No Material Adverse Change; Etc. All statements submitted to RUS in connection with the Loan or in connection with this Agreement fairly and fully present the condition of the Borrower and the results of the Borrower's operations for the periods covered thereby and the financial statements are prepared in accordance with Accounting Requirements consistently applied. Since the dates thereof, there has been no material adverse change in the financial condition or operations of the Borrower.
- (h) Principal Place of Business; Records. The principal place of business and chief executive office of the Borrower is at the address of the Borrower shown on Schedule 1.
- (i) Subsidiaries. The Borrower has no subsidiaries, except as listed on Schedule 1.
- (j) Defaults Under Other Agreements. The Borrower is not in default under any agreement or instrument to which it is a party or under which any of its properties are subject that is material to its financial condition, operations, properties, profits, or business.

Section 2.2. Survival.

All representations and warranties made by the Borrower herein or made in any certificate delivered pursuant hereto shall survive the making of the Advances and the execution and delivery to RUS of the Bond.

ARTICLE III

LOANS

Section 3.1. Advances.

RUS agrees to make, and the Borrower agrees to request, on the terms and conditions of this Agreement, Advances from time to time in an aggregate principal amount not to exceed the RUS Commitment. On the Termination Date as defined in the Bond, RUS may stop advancing funds and limit the RUS Commitment to the amount advanced prior to such date. However, under no circumstances shall RUS ever make an advance under the Bond, regardless of the applicable Termination Date (as defined in the Bond) or any extension by the Administrator, if such advance would result in RUS obligating or permitting advances of the Loan contrary to the Antideficiency Act, 31 U.S.C. § 1341. The Fiscal Year of Obligation of the Bond is identified in Schedule 1 hereto.

The obligation of the Borrower to repay the Advances shall be evidenced by the Bond in the principal amount of the unpaid principal amount of the Advances from time to time outstanding. The Borrower shall give RUS written notice of the date on which each Advance is to be made.

Section 3.2. Special Advance.

The Borrower may request a Special Advance and RUS may agree to make, on the terms and conditions of this Agreement, the RESP Regulations, and the Act, a Special Advance in an aggregate principal amount reflected on Schedule 1. If a Special Advance is approved, the repayment of the Special Advance will be within the period reflected on Schedule 1 which in no event will extend past the 10-year period beginning on the date on which the Special Advance is made or the Final Maturity as defined in the Bond.

Section 3.3. Interest Rate and Payment.

The Bond shall be payable and bear interest as follows:

- (a) Payments and Amortization. Principal shall be amortized in accordance with the method more fully described in the form of Bond.
- (b) Application of Payments. All payments which the Borrower sends to RUS on any outstanding obligation owed to RUS shall be applied in the manner provided in the Loan Documents to which such payments relate and in a manner consistent with RUS policies, practices, and procedures for obligations that have been similarly classified by RUS.
- (c) Electronic Funds Transfer. Except as otherwise prescribed by RUS, the Borrower shall make all payments on the Bond utilizing electronic funds transfer procedures as specified by RUS.
- (d) Zero Percent Interest Rate. The Bond shall bear interest at a zero percent (0%) interest rate in accordance with the Bond.

Section 3.4. Prepayment.

The Borrower has no right to prepay the Bond in whole or in part except such rights, if any, as are expressly provided for in the Bond.

Section 3.5. Loan Purposes.

The proceeds of the Loan shall be used to finance loans to Qualified Consumers for the purpose of implementing an Energy Efficiency Program as provided in the Act and the RUS Regulations.

Section 3.6 Additional Bond under Resolution.

The Borrower agrees that the Bond will be issued under the Resolution. The Bond is a “Future Parity Bond” as such term is defined in Resolution No. 2023-013 under “Additional Bonds”), and further agrees to take any additional steps, if any are necessary, to ensure that the Bond is properly secured as a Future Parity Bond on a parity of lien with the 2023 Bond..

Section 3.7. Limitation on Advances under the RESP Program.

The collective amount of all Advances in a single year must not exceed 50 percent of the RUS Commitment. If any loan funds received under the RUS Commitment are not loaned by the Borrower to Qualified Consumers within one year as provided in Section 5.3 of this Agreement, the Borrower will not be eligible to receive further Advances under the RUS Commitment until providing evidence, satisfactory to RUS, that the loan funds from a previous Advance have been fully loaned to Qualified Consumers or returned to RUS as a payment on outstanding debt.

**ARTICLE IV
CONDITIONS OF LENDING**

Section 4.1. General Conditions for Initial Advance.

The obligation of RUS to approve and make the initial Advance under the Bond is subject to satisfaction of each of the following conditions precedent on or before the date of such Advance:

- (a) Legal Matters. That all legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for RUS.
- (b) Bond Documents. That RUS receive duly executed originals of this Agreement and the other Bond Documents.
- (c) Authorization. That RUS receive evidence satisfactory to it that all institutional documents and proceedings of the Borrower necessary for duly authorizing the execution, delivery and performance of the Bond Documents have been obtained and are in full force and effect.
- (d) Approvals. That RUS receive evidence satisfactory to it that all consents and approvals (including without limitation the consents referred to in Section 2.1(c) of this Agreement) which are necessary for, or required as a condition of, the validity and enforceability of each of the Bond Documents have been obtained and are in full force and effect.
- (e) Event of Default. That no Event of Default specified in Article VII and no event which, with the lapse of time or the notice and lapse of time specified in Article VII would become such an Event of Default, shall have occurred

and be continuing, or shall have occurred after giving effect to the Bond or RUS Loans on the books of the Borrower.

- (f) Continuing Representations and Warranties. That the representations and warranties of the Borrower contained in this Agreement be true and correct on and as of the date of such assumption as though made on and as of such date.
- (g) Opinion of Counsel. That RUS receive an opinion of counsel (who shall be acceptable to RUS) for the Borrower in form and content acceptable to RUS.
- (h) Adoption of Resolution. The Resolution has been duly adopted by the Borrower to create a lien on the Borrower's revenues to secure the repayment of the Bond, in accordance with applicable law, and the Borrower shall have caused satisfactory evidence thereof to be furnished to RUS.
- (i) Requisitions. That the Borrower shall requisition all Advances by submitting its requisition to RUS in form and substance satisfactory to RUS. Requisitions shall be made only for the purpose(s) set forth herein. The Borrower agrees to apply the proceeds of the Advances in accordance with its loan application with such modifications as may be mutually agreed.

Section 4.2. Special Conditions for Initial Advance.

The obligation of RUS to make the initial Advance under the Bond is subject to satisfaction of each of the conditions precedent on or before the date of such Advance, as set forth in Schedule 1 attached hereto.

Section 4.3. Conditions for Advances under the RESP Program.

The obligation of RUS to approve and make any Advance under the Bond is subject to the Borrower providing evidence, in form and substance satisfactory to RUS, that it has adopted each of the following:

- A.) Written procedures for the Borrower's Energy Efficiency Program that will 1.) Minimize the time elapsing between the transfer of the loan funds from RUS and their disbursement to the Qualified Consumer; and 2.) The requests for Advances made by the Borrower are limited to the minimum

amounts needed and timed to be in accordance with the actual immediate cash needs to carry out the Energy Efficiency Measures.

- B.) The requirement that each loan made by the Borrower under its Energy Efficiency Program to a Qualified Consumer may not exceed a term of 10 years and must bear an interest rate not exceeding 5%.
- C.) The requirement that funds from the RUS Commitment must not be used to finance the purchase or modification of personal property unless the personal property is or becomes attached to real property (including a manufactured home) as a fixture.
- D.) The requirement that RESP loan funds only finance such Energy Efficiency Measures outlined in the implementation work plan submitted with the loan application and in compliance with the Multi-Tier Agreement as provided in Section 5.3.
- E.) The requirement that the Borrower will keep adequate processes, procedures and records and will not commingle loan funds with other sources of funding in the implementation of a Qualified Consumer relending program.
- F.) Except for any Special Advance, the Borrower has provided evidence, in form and substance satisfactory to RUS, that it has relented all loan funds from all previous Advances to the Qualified Consumers or has returned such loan funds to the Government.

ARTICLE V

AFFIRMATIVE COVENANTS

Section 5.1. Generally.

Unless otherwise agreed to in writing by RUS, while this Agreement is in effect, the Borrower agrees to duly observe each of the affirmative covenants contained in this Article V.

Section 5.2. Approval of Certain Agreements.

The Borrower shall submit for RUS review, at least 60 days in advance, for RUS' prior written approval, and prior to executing all amendments, modifications, revisions, substitutions, in whole or in part, waivers, or termination to any contractual arrangements listed on Schedule 1.

Section 5.3. Environment.

The Borrower shall comply with all terms and conditions set forth in the Multi-Tier Agreement and all other applicable environmental requirements imposed by federal or state statutes or regulations. In addition to the Remedies available under this Agreement, failure by the Borrower to meet the requirements set forth in the Multi-Tier Agreement and the applicable regulations will result in the penalties outlined in the Multi-Tier Agreement and the applicable regulations.

Section 5.4. Requirements on Relending Loan Funds.

The Borrower shall comply with all requirements set forth in the RESP Regulations for relending loan proceeds to Qualified Consumers for the purpose of implementing an Energy Efficiency Program. The Borrower agrees that it shall provide all loan funds received under the RUS Commitment to Qualified Consumers within one year of receiving such loan funds. If any loan funds received under the RUS Commitment are not loaned by the Borrower to Qualified Consumers within one year, the unused loan funds, and any interest earned on the loan funds, must be returned to RUS and will be applied to the Borrower's outstanding debt. Regarding loans made by the Borrower to the Qualified Consumers with loan funds received under the RUS Commitment, the Borrower further agrees that: i.) such loans shall bear interest not to exceed 5 percent and proceeds from the interest charged may only be used to establish a loan loss reserve and to offset personnel and program costs necessary to carry out the Energy Efficiency Program; ii.) such loans must be to finance Energy Efficiency Measures for the purpose of decreasing energy usage or costs (not just electricity) of the

Qualified Consumer by an amount that ensures, to the maximum extent practicable, that a loan term of not more than 10 years will not pose an undue financial burden on the Qualified Consumer; iii.) such loans may not exceed 10 years; iv.) such loans will be repaid through monthly payments to the Borrower for the property for or at which the Energy Efficiency Measures are or will be implemented, unless otherwise approved by RUS; and v.) such loans will be subject to an Energy Audit as specified in the RESP Regulations.

Section 5.5. Requirements for Repayment.

The Borrower agrees that it remains responsible for full repayment of the RUS Commitment pursuant to the terms of the Loan Documents regardless of repayment by the Qualified Consumers of the loans made by the Borrower.

Section 5.6. Performance Reporting.

The Borrower agrees that it shall establish a plan for the measurement and verification of the cost savings provided by the Energy Efficiency Program in compliance with 7 CFR 1719.10 and shall prepare and furnish to RUS, at least once during each 12 month period, a full and complete report for the purpose of measuring and verifying the performance of the Energy Efficiency Measures.

ARTICLE VI

NEGATIVE COVENANTS

Section 6.1. General.

Unless otherwise agreed to in writing by RUS, while this Agreement is in effect, the Borrower shall duly observe each of the negative covenants set forth in this Article.

Section 6.2. Energy Efficiency Measures.

The Borrower will not make any revisions to the list of Energy Efficiency Measures without prior written approval by RUS.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.1. Events of Default.

The following shall be Events of Default under this Agreement:

- (a) Representations and Warranties. Any representation or warranty made by the Borrower in Article II hereof or any certificate furnished to RUS hereunder or under the Resolution shall prove to have been incorrect in any material respect at the time made and shall at the time in question be untrue or incorrect in any material respect and remain uncured;
- (b) Payment. Default shall be made in the payment of or on account of interest on or principal of the Bond or on any other loans or RUS Loans or obligations owed to the Government when and as the same shall be due and payable, whether by acceleration or otherwise
- (c) Other Covenants. Default by the Borrower in the observance or performance of any other covenant or agreement contained in any of the Loan Documents, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by RUS;
- (d) Corporate Existence. The Borrower shall forfeit or otherwise be deprived of its corporate charter, franchises, permits, easements, consents or licenses required to carry on any material portion of its business;
- (e) Other Obligations. Default by the Borrower in the payment of any obligation, whether direct or contingent, for borrowed money or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation
- (f) Bankruptcy. A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of thirty (30) consecutive days or the Borrower shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee,

custodian or trustee, of a substantial part of its property, or make any general assignment for the benefit of creditors; and

- (g) Dissolution or Liquidation. Other than as provided in the immediately preceding subsection, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution, garnishment or attachment of such consequence as shall impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within thirty (30) days. The term “dissolution or liquidation of the Borrower”, as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions permitting such actions.

ARTICLE VIII

REMEDIES

Section 8.1. Generally.

Upon the occurrence of an Event of Default, RUS may pursue all rights and remedies available to RUS that are contemplated by this Agreement or the Resolution and as permitted by Washington law in the manner, upon the conditions, and with the effect provided in this Agreement or the Resolution, including, but not limited to, acceleration, a suit for specific performance, injunctive relief or damages. Nothing herein shall limit the right of RUS to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default listed in Article VII hereof. Each right, power and remedy of RUS shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

Section 8.2. Suspension of Advances.

In addition to the rights, powers and remedies referred to in the immediately preceding section, RUS may, in its absolute discretion, suspend making Advances hereunder if (i) any Event of Default, or any occurrence which with the passage of time or giving of notice would be an Event of Default, occurs and is continuing; (ii) there has occurred a change in the business or condition, financial or otherwise, of the Borrower which in the opinion of RUS materially and adversely affects the Borrower's ability to meet its obligations under the Loan Documents, or (iii) RUS is authorized to do so under the Act or the RESP Regulations.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Notices.

All communications, notices, requests, demands, consents, waivers or other modifications provided, permitted or required by this Agreement shall be communicated in writing or electronic mail or telecommunications device capable of creating a written record as specified herein, and any such notice shall become effective: (a) upon personal delivery thereof, including, without limitation, by overnight mail or courier service, (b) in the case of notice by the United States mail, certified or registered postage prepaid, return receipt requested, upon receipt thereof, or (c) in the case of notice by electronic mail or by such a telecommunications device, upon transmission thereof, provided such transmission shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return electronic mail or other written acknowledgment) provided that, if such notice electronic mail or other communication is not sent during the normal business hours of the recipient such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, in each case addressed to each party hereto at its address set forth on Schedule 1 or, in the case of any such party hereto, at such other address as such party may from time to time designate by written notice to the other parties hereto or to such other addresses the party hereto may from time to time designate.

Section 9.2. Expenses.

To the extent allowed by law, the Borrower shall pay all costs and expenses of RUS, including reasonable fees of counsel, incurred in connection with the enforcement

of the Loan Documents or with the preparation for such enforcement if RUS has reasonable grounds to believe that such enforcement may be necessary.

Section 9.3. Late Payments.

If payment of any amount due hereunder is not received at the United States Treasury in Washington, D.C., or such other location as RUS may designate to the Borrower within five (5) Business Days after the due date thereof or such other time period as RUS may prescribe from time to time in its policies of general application in connection with any late payment charge (such unpaid amount being hereinafter called the “delinquent amount”, and the period beginning after such due date until payment of the delinquent amount being hereinafter called the “late-payment period”), the Borrower shall pay to RUS, in addition to all other amounts due under the terms of the Bond, the Resolution and this Agreement, any late-payment charge as may be fixed by RUS Regulations from time to time on the delinquent amount for the late-payment period.

Section 9.4. No Waiver.

No failure on the part of RUS to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise by RUS of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Section 9.5. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH APPLICABLE FEDERAL LAW AND, IN THE ABSENCE OF CONTROLLING FEDERAL LAW, BY THE LAWS OF THE STATE INDICATED ON SCHEDULE 1, EXCEPT THOSE THAT WOULD RENDER SUCH CHOICE OF LAW INEFFECTIVE.

Section 9.6. Rescission.

The Borrower may elect not to borrow the RUS Commitment in which event RUS shall release the Borrower from its obligations hereunder, provided the Borrower complies with such terms and conditions as RUS may impose for such release and provided also that if the Borrower has any remaining obligations to RUS for RUS Loans made or guaranteed by RUS, RUS may withhold such release until all such obligations have been satisfied and discharged.

Section 9.7. Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the Borrower and RUS and their respective successors and assigns, except that the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of RUS.

Section 9.8. Complete Agreement; Waivers and Amendments.

Subject to RUS Regulations, this Agreement and the other Loan Documents are intended by the parties to be a complete and final expression of their agreement. However, RUS reserves the right to waive its rights to compliance with any provision of this Agreement and the other Loan Documents. No amendment, modification, or waiver of any provision hereof or thereof, and no consent to any departure of the Borrower herefrom or therefrom, shall be effective unless approved in writing by RUS in the form of either a RUS Regulation or other writing signed by or on behalf of RUS, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 9.9. Headings.

The headings and sub-headings contained in the titling of this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 9.10. Severability.

If any term, provision or condition, or any part thereof, of this Agreement, or the Resolution shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement, Bond, and the Resolution shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 9.11. Right of Setoff.

In connection with the Electric System, upon the occurrence and during the continuance of any Event of Default, RUS is hereby authorized at any time and from time to time, without prior notice to the Borrower, to exercise rights of setoff or recoupment and apply any and all amounts held or hereafter held, by RUS or owed to the Borrower or for the credit or account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing hereunder or under the Bond. RUS agrees to notify the Borrower promptly after any such setoff or

recoupment and the application thereof, provided

that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. The rights of RUS under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which RUS may have against the Electric System. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim relating to the Electric System.

Section 9.12. Schedules and Exhibits.

Each Schedule and Exhibit attached hereto and referred to herein is each an integral part of this Agreement.

Section 9.13. Authority of Representatives of RUS.

In the case of any consent, approval or waiver from RUS that is required under this Agreement or any other Loan Document, such consent, approval or waiver must be in writing and signed by an authorized RUS representative to be effective. As used in this section, “authorized RUS representative” means the Administrator of RUS, and also means a person to whom the Administrator has officially delegated specific or general authority to take the action in question.

Section 9.14. Term.

This Agreement shall remain in effect until one of the following two events has occurred:

- (a) The Borrower and RUS replace this Agreement with another written agreement;
or
- (b) All of the Borrower’s obligations under the Bond and this Agreement, or any other agreement with RUS, have been discharged and paid.

Section 9.15. Government to Retain Rights as Holder and Pledgee with respect to Bond.

At all times when any Bond is held by the Government, or in the event the Government shall assign a Bond without having insured the payment of such Bond, the Resolution shall secure payment of such Bond for the benefit of the Government or such holder thereof, as the case may be. Whenever any Bond may be sold to a purchaser, it shall continue to be considered a "Bond" as defined herein, but as to any such Bond the Government, and not such purchaser, shall be considered to be, and shall have the rights of, the holder of the Bond for purposes of this Agreement and a Resolution. Notice of the rights of the Government under the preceding sentence shall be set forth in all such Bond.

Section 9.16. Prior Bond Purchase Contracts.

In the event that the Borrower has outstanding RUS Loans, the Borrower is required to comply with the terms of all previous loan documents, including previous bond purchase contracts by and between the Borrower and RUS for so long as those RUS Loans are outstanding. In the event of a conflict between this Agreement and these prior bond purchase contracts, the terms of the prior bond purchase contracts will control with respect to such prior loans.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

(SIGNATURES BEGIN ON NEXT PAGE)

**PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON
COUNTY, WASHINGTON**

By: _____

Name: _____

Title: _____

Attest: _____
Secretary

(SIGNATURES CONTINUE ON NEXT PAGE)

(SIGNATURES CONTINUED FROM PREVIOUS PAGE)

UNITED STATES OF AMERICA

By: _____

Name: Christopher McLean _____

Title: Acting Administrator
Rural Utilities Service

SCHEDULE 1

1. The Loan Commitment Letter is dated as of March 2, 2023.
2. The Resolution is the Resolution dated _____, 2024, made by Public Utility District No. 1 of Jefferson County, Washington, a corporation organized and existing under the laws of the State of Washington, to the United States of America, Rural Utilities Service.
3. The Multi-Tier Agreement is dated as of June 13, 2022.
4. The RUS Commitment shall be for a loan in the amount of Five Million Dollars (\$5,000,000.00).
5. The Special Advance is in the amount of Two Hundred Thousand Dollars (\$200,000.00) and shall be paid in full as specified in the Bond.
6. The Principal Place of Business referenced in Section 2.1(h) is Public Utility District No. 1 of Jefferson County, Washington, 310 Four Corners Road, PUD Operations Center, Port Townsend, Washington 98368-9368.
7. The Subsidiaries referenced in Section 2.1(i) are: NONE
8. The Fiscal Year of Obligation referred to in Section 3.1 is the Fiscal Year ending: 2023.
9. The Special Conditions for Initial Advance referred to in Section 4.2 are as follows:
 - a. RUS has entered into a RUS Bond Purchase Contract with Public Utility District No. 1 of Jefferson County, Washington (the “Borrower”) to make the Borrower a loan of \$5,000,000.00 to finance loans to eligible entities that agree to use the loan funds to make loans to qualified consumers for the purpose of implementing durable energy efficiency measures as described in the Energy Efficiency Implementation Work Plan (EEIWP) submitted provided in support of the Borrower’s loan request approved by RUS.
 - b. The Borrower has submitted evidence, in form and substance satisfactory to the Administrator, that the conditions in the RUS Bond Purchase Contract have been satisfied to the extent and in the manner prescribed by the Administrator.

- c. The Borrower has submitted evidence, in form and substance satisfactory to the Administrator, that the Borrower has duly authorize, executed, and has delivered to the Administrator a RUS Bond Purchase Contract, Bond and applicable security documents in the form and manner prescribed by the Administrator.
 - d. The Borrower has submitted evidence, in form and substance satisfactory to the Administrator that the Borrower has duly authorized, executed, delivered, recorded, and filed a mortgage or other security instrument, if required, which is in form and substance satisfactorily to the Administrator.
10. In addition to the above, the release of loan funds is placed under the following conditional requirements and covenants:
- a. Loan Disbursements of “C50” loan funds to the Borrower must not exceed Two Million Five Hundred Thousand Dollars (\$2,500,000), equaling fifty percent (50%) of the approved “C50” loan amount, in a single 12-month period.
 - b. The Borrower will not be eligible to receive additional “C50” loan funds from RUS until providing evidence satisfactory to RUS the “C50” loan funds from previous Advances have been fully relent to Qualified Consumers or returned to RUS.
 - c. Each request by the Borrower to receive “C50” loan funds, exclusive of those used for the Special Advance, must be accompanied with the following certifications from the Borrower’s President or General Manager:
 - i.) The Borrower has certified that the loan funds will be used in a relending program to finance or provide reimbursement of Energy Efficiency Measures implemented or invested by Qualified Consumers in accordance with (A) this Bond Purchase Contract, (B) the RESP requirements as specified in the RESP Regulations, and (C) the description and procedures indicated in the Borrowers EEIWP.
 - ii.) The Borrower has certified that the loan funds will be provided under the RESP relending program to Qualified Consumers located within the Borrower’s Service Area, in those rural areas as outlined in RUS’ Supplemental Guidance on “Rural” Determinations Applicable to Rural Energy Savings Program.
 - iii.) The Borrower has certified that the loan funds are being provided in accordance with the Multi-Tier Environmental Compliance Agreement for Energy Efficiency and Conservation Loan Program executed by the Borrower on June 13, 2022, and that each energy efficiency measure financed by the loan funds under the relending program is a Categorical Exclusion of the type described in 7 CFR Section 1970.53 or Section 7 CFR 1970.54.

11. The Addresses for Notices referenced in Section 9.1 are:

As to the Government:

Rural Utilities Service
United States Department of Agriculture
Room No. 4121 South
1400 Independence Avenue, S.W.
Washington, DC 20250
Attention: Administrator

And via electronic mail to: RUSElectric@usda.gov

As to the Borrower:

Public Utility District No. 1 of Jefferson County, Washington
310 Four Corners Road
PUD Operations Center
Port Townsend, Washington 98368-9368
Phone: 360-385-5800
Fax: 360-385-5945

Attention: Mr. Kevin Streett, General Manager
And via electronic mail to: kstreett@jeffpud.org

12. The State referenced in Section 9.5 regarding Governing Law is Washington.
13. RUS Approval is required as referred to in Section 5.2 to the following Agreements:

NONE