

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY  
327 N WENATCHEE AVENUE  
WENATCHEE WA 98801**

**REGULAR COMMISSION MEETING**

**MARCH 30, 2020**

Public participation will be by phone only

Dial: 509-661-8750

Meeting: 4212 #

Attendee ID: 8750 #

**\*\*Please remember to mute your phone to reduce background noise\*\***

Please contact PUD staff at 509-661-4212 to let us know if you intend to participate by phone

**STUDY SESSION**

**10:00 AM**

1. Pledge of Allegiance
2. Approval of the Agenda  
*Any item on the Consent Agenda shall be subject to transfer to the Regular Agenda upon request of any Commission member*
3. Peshastin Pinnacles Outreach
4. Low-Income Program Assessment
5. Coronavirus Update
6. Update on Public Power Benefit Criteria
7. Mobile Application Introduction

**BUSINESS SESSION**

**1:00 PM**

**Consent Agenda**

8. Minutes of the March 16, 2020 Regular Meeting
9. Vouchers: Accounts Payable Summary Report dated March 25, 2020:

- a. Vouchers totaling \$12,682,112.98;
- b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period March 11, 2020 through March 24, 2020 in the amount of \$22,768.72;
- c. Approval of the net Payroll, Warrant Nos. 236967 through 236984 and Advice Nos. 690874 through 691653 for the pay period ending 03/15/2020 in the amount of \$2,052,872.08;
- d. Approval of Warrant Nos. 26539 through 26595 totaling \$14,622.26 for claim payments from the workers' compensation self-insurance fund for the period ending March 23, 2020.

**Regular Agenda**

10. A RESOLUTION CREATING A PLAN OF FINANCING AND REFINANCING THE ACQUISITION AND CONSTRUCTION OF AND CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO AND RENEWALS, REPLACEMENTS AND EXTENSIONS OF THE DISTRICT'S CONSOLIDATED SYSTEM; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$170,000,000 COMBINED AGGREGATE PRINCIPAL AMOUNT OF CONSOLIDATED SYSTEM REVENUE BONDS, REVENUE AND REFUNDING SERIES 2020A (NON-AMT) (CONSISTING OF A NEW MONEY COMPONENT AND A REFUNDING COMPONENT), CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2020B (NON-AMT) AND CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2020C (AMT) FOR THE PURPOSE OF PAYING THE COST AND EXPENSE OF CARRYING OUT THAT PLAN; PROVIDING FOR THE OPTIONAL REDEMPTION OF THE CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2008B (NON-AMT) FROM BOND PROCEEDS AND FROM AVAILABLE FUNDS OF THE DISTRICT; PROVIDING FOR THE DEFEASANCE AND OPTIONAL REDEMPTION OF THE CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2011A (AMT) AND CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2011B (AMT) FROM AVAILABLE FUNDS OF THE DISTRICT; ESTABLISHING CERTAIN FUNDS AND ACCOUNTS; APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AGREEMENTS; PROVIDING THE TERMS OF THE 2020A BONDS, THE 2020B BONDS AND THE 2020C BONDS; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO
11. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO AMEND THE SERVICE AGREEMENT (SA NO. 13-162) WITH PRICEWATERHOUSECOOPERS LLP TO INCLUDE QUALITY CONTROL REVIEW SERVICES SUPPORTING THE 2020 CONSOLIDATED SYSTEM BONDS
12. Manager Items
13. Commission Items
14. Follow-up on Delegation of Action Items from Previous Board Meeting

REGULAR COMMISSION MEETING AGENDA

March 30, 2020

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15. Delegation of Action Items

16. Additional Public Comment

*Members of the public are encouraged to ask specific questions after each item presented. This agenda item is for additional comments/questions related to matters not on the agenda.*

17. Matters of general business as may necessarily come before the Commission

18. Executive Session: To discuss with legal counsel agency enforcement actions, litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i) and to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g)

This agenda and resolutions (if any) may be revised by the Commission as appropriate.

**RESOLUTION NUMBER \_\_\_\_\_**

A RESOLUTION CREATING A PLAN OF FINANCING AND REFINANCING THE ACQUISITION AND CONSTRUCTION OF AND CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO AND RENEWALS, REPLACEMENTS AND EXTENSIONS OF THE DISTRICT'S CONSOLIDATED SYSTEM; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$170,000,000 COMBINED AGGREGATE PRINCIPAL AMOUNT OF CONSOLIDATED SYSTEM REVENUE BONDS, REVENUE AND REFUNDING SERIES 2020A (NON-AMT) (CONSISTING OF A NEW MONEY COMPONENT AND A REFUNDING COMPONENT), CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2020B (NON-AMT) AND CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2020C (AMT) FOR THE PURPOSE OF PAYING THE COST AND EXPENSE OF CARRYING OUT THAT PLAN; PROVIDING FOR THE OPTIONAL REDEMPTION OF THE CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2008B (NON-AMT) FROM BOND PROCEEDS AND FROM AVAILABLE FUNDS OF THE DISTRICT; PROVIDING FOR THE DEFEASANCE AND OPTIONAL REDEMPTION OF THE CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2011A (AMT) AND CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2011B (AMT) FROM AVAILABLE FUNDS OF THE DISTRICT; ESTABLISHING CERTAIN FUNDS AND ACCOUNTS; APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AGREEMENTS; PROVIDING THE TERMS OF THE 2020A BONDS, THE 2020B BONDS AND THE 2020C BONDS; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO

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**RESOLUTION NUMBER \_\_\_\_\_**

A RESOLUTION CREATING A PLAN OF FINANCING AND REFINANCING THE ACQUISITION AND CONSTRUCTION OF AND CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO AND RENEWALS, REPLACEMENTS AND EXTENSIONS OF THE DISTRICT'S CONSOLIDATED SYSTEM; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$170,000,000 COMBINED AGGREGATE PRINCIPAL AMOUNT OF CONSOLIDATED SYSTEM REVENUE BONDS, REVENUE AND REFUNDING SERIES 2020A (NON-AMT) (CONSISTING OF A NEW MONEY COMPONENT AND A REFUNDING COMPONENT), CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2020B (NON-AMT) AND CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2020C (AMT) FOR THE PURPOSE OF PAYING THE COST AND EXPENSE OF CARRYING OUT THAT PLAN; PROVIDING FOR THE OPTIONAL REDEMPTION OF THE CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2008B (NON-AMT) FROM BOND PROCEEDS AND FROM AVAILABLE FUNDS OF THE DISTRICT; PROVIDING FOR THE DEFEASANCE AND OPTIONAL REDEMPTION OF THE CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2011A (AMT) AND CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2011B (AMT) FROM AVAILABLE FUNDS OF THE DISTRICT; ESTABLISHING CERTAIN FUNDS AND ACCOUNTS; APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AGREEMENTS; PROVIDING THE TERMS OF THE 2020A BONDS, THE 2020B BONDS AND THE 2020C BONDS; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO

(Twelfth Supplemental Resolution)

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

1. Public Utility District No. 1 of Chelan County, Washington (the "District"), by Resolution No. 87-7925 adopted by the Commission on December 21, 1987, as amended and restated by Resolution No. 91-8887 adopted by the Commission on February 19, 1991, consolidated the District's separate electric utility systems, those being the Distribution System, the Lake Chelan System, the Rocky Reach System and the Rock Island System (each as defined in the hereinafter defined Master Bond Resolution) into one system known as the "Chelan Hydro Consolidated System" (the "Chelan Hydro Consolidated System").

2. In 1992, the District's water system and wastewater system were consolidated into the Chelan Hydro Consolidated System.

3. Pursuant to Resolution No. 07-13067, adopted by the Commission on March 12, 2007 (as amended and supplemented from time to time, the “Master Bond Resolution”), the Commission (i) discontinued the consolidation of the Rock Island System and the Rocky Reach System into the Chelan Hydro Consolidated System, (ii) otherwise renewed and affirmed the Chelan Hydro Consolidated System, (iii) renamed the Chelan Hydro Consolidated System the “Consolidated System,” and (iv) created an issue of bonds with a lien on Revenues (as defined in the Master Bond Resolution).

4. The plan and system of financing and refinancing additions, betterments and improvements to and renewals, replacements and extensions of the Consolidated System specified and adopted by this Twelfth Supplemental Resolution (the “Financing Plan”) are necessary to maintain good and efficient operation of the Consolidated System.

5. The Commission hereby deems it advisable and in the best interest of the District to issue the District’s Consolidated System Revenue Bonds, Revenue and Refunding Series 2020A (Non-AMT) (the “2020A Bonds”) (consisting of a New Money Component (the “2020A New Money Component”) and a Refunding Component (the “2020A Refunding Component”)), the District’s Consolidated System Revenue Bonds, Refunding Series 2020B (Non-AMT) (the “2020B Bonds”) and the District’s Consolidated System Revenue Bonds, Refunding Series 2020C (AMT) (the “2020C Bonds” and together with the 2020A Bonds and the 2020B Bonds, the “2020 Bonds”) authorized by this Twelfth Supplemental Resolution for the purpose of implementing the Financing Plan and the other permissible purposes set forth herein.

6. The Commission hereby deems it advisable and in the best interest of the District to use proceeds of the 2020C Bonds and other available moneys to optionally redeem all or a portion of the District’s Consolidated System Revenue Bonds, Refunding Series 2008B.

7. The Commission hereby deems it advisable and in the best interest of the District to use available moneys to defease and optionally redeem all or a portion of the District’s Consolidated System Revenue Bonds, Refunding Series 2011A and Consolidated System Revenue Bonds, Refunding Series 2011B.

8. The District’s administration has investigated various financing alternatives and has recommended the Financing Plan set forth in this Twelfth Supplemental Resolution.



IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

**ARTICLE I  
TWELFTH SUPPLEMENTAL RESOLUTION; DEFINITIONS**

**Section 1.01 Twelfth Supplemental Resolution.** This Twelfth Supplemental Resolution (the “Twelfth Supplemental Resolution”) is executed and delivered in accordance with the provisions of the Master Bond Resolution.

**Section 1.02 Definitions.** Unless the context otherwise requires, all terms used and not otherwise defined herein, including the Recitals, shall have the meanings set forth in the Master Bond Resolution. In addition, unless the context otherwise requires, the following terms shall have the following meanings in this Twelfth Supplemental Resolution:

“**Act**” means Chapter 1 of the Laws of Washington, 1931, as amended and supplemented, constituting Title 54 of the Revised Code of Washington (“RCW”), chapter 167 of the Laws of Washington, 1983, as amended and supplemented, constituting chapter 39.46 RCW, and Chapter 138 of the Laws of Washington, 1965, as amended and supplemented, constituting chapter 39.53 RCW.

“**Authorized Denominations**” means \$5,000 and any integral multiple thereof.

“**Cash Defeased Bonds**” means the 2011A Bonds and the 2011B Bonds.

“**Consolidated System 2008B Bonds**” means the Public Utility District No. 1 of Chelan County, Washington Consolidated System Revenue Bonds, Refunding Series 2008B, currently outstanding in the aggregate principal amount of \$61,195,000.

“**Consolidated System 2009D Bonds**” means the Public Utility District No. 1 of Chelan County, Washington Consolidated System Revenue Bonds, Series 2009D, currently outstanding in the aggregate principal amount of \$27,015,000.

“**DTC**” means The Depository Trust Company, New York, New York, and its successors and assigns.

“**Escrow Agreement**” means an Escrow Agreement between the District and U.S. Bank, National Association, as Escrow Agent, relating to one or more series of the Refunded Bonds or the Cash Defeased Bonds.

“**Interest Payment Date**” means January 1 and July 1 of each year, commencing January 1, 2021.

“**Master Bond Resolution**” means Resolution No. 07-13067 adopted by the District’s Commission on March 12, 2007, as amended and supplemented, including by Resolution No. 07-13099, adopted by the Commission on April 30, 2007 (the “First

Supplemental Resolution”), and as further amended and supplemented, including by this Twelfth Supplemental Resolution.

“**Nominee**” means the nominee of the Securities Depository, which may be the Securities Depository, as determined from time to time pursuant hereto.

“**Participants**” means those broker-dealers, banks and other financial institutions for which the Securities Depository holds certificates as Securities Depository.

“**Record Date**” means the fifteenth day of the calendar month before each Interest Payment Date.

“**Refunded Bonds**” means the Rock Island 2009A Bonds, the Rocky Reach 2009A Bonds, the Consolidated System 2008B Bonds, and the Consolidated System 2009D Bonds, if any, specified as such in the 2020 Delivery Certificate.

“**Representation Letter**” means a representation letter from the District to the Securities Depository as described in Section 2.06(b).

“**Rock Island 2009A Bonds**” means the Public Utility District No. 1 of Chelan County, Washington Rock Island Hydro-Electric System Revenue Bonds, Series 2009A, currently outstanding in the aggregate principal amount of \$5,890,000.

“**Rocky Reach 2009A Bonds**” means the Public Utility District No. 1 of Chelan County, Washington Rocky Reach Hydro-Electric System Revenue Bonds, Series 2009A, currently outstanding in the aggregate principal amount of \$11,710,000.

“**Tax Certificate**” means the one or more certificates of the District regarding compliance with applicable provisions of the Code in connection with the issuance of the 2020 Bonds.

“**Twelfth Supplemental Resolution**” means this Twelfth Supplemental Resolution, adopted by the District’s Commission on March 30, 2020, and any amendments, modifications or supplements hereto.

“**2011A Bonds**” means the District’s Consolidated System Revenue Bonds, Refunding Series 2011A (AMT), currently outstanding in the aggregate principal amount of \$58,225,000.

“**2011B Bonds**” means the District’s Consolidated System Revenue Bonds, Refunding Series 2011B (AMT), currently outstanding in the aggregate principal amount of \$39,115,000.

“**2020 Bonds**” means the 2020A Bonds, the 2020B Bonds and/or the 2020C Bonds, as applicable.

**“2020 Delivery Certificate”** means a Certificate or Order of the District delivered at the time of issuance of the 2020 Bonds setting forth certain terms with respect to the 2020 Bonds as provided in this Twelfth Supplemental Resolution.

**“2020A Bond Fund”** means the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Revenue and Refunding Series 2020A Bond Fund” established pursuant to Section 4.02(a).

**“2020A Bonds”** means the District’s Consolidated System Revenue Bonds, Revenue and Refunding Series 2020A (Non-AMT), authorized pursuant to this Twelfth Supplemental Resolution.

**“2020A Construction Fund”** means the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Revenue and Refunding Series 2020A Construction Fund” established pursuant to Section 4.04(a).

**“2020A New Money Component”** means the portion of the 2020A Bonds and the proceeds thereof other than the 2020A Refunding Component as designated in the 2020 Delivery Certificate.

**“2020A Rebate Fund”** means the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Revenue and Refunding Series 2020A Rebate Fund” established pursuant to Section 4.03(a).

**“2020A Refunding Component”** means the portion of the 2020A Bonds and the proceeds thereof allocable to the refunding of the Consolidated System 2009D Bonds as designated in the 2020 Delivery Certificate.

**“2020A Reserve Account”** means the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Revenue and Refunding Series 2020A Reserve Account” established pursuant to Section 4.05(a)(i).

**“2020A Reserve Requirement”** means the maximum amount of interest payable in any Fiscal Year on the 2020A Bonds and on any Series of Bonds designated as a 2020A Reserve Account Series (as defined in Section 4.05(a)(i) hereof), determined as of the dates of issuance thereof, unless otherwise specified in the 2020 Delivery Certificate.

**“2020B Bond Fund”** means the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020B Bond Fund” established pursuant to Section 4.02(b).

**“2020B Bonds”** means the District’s Consolidated System Revenue Bonds, Refunding Series 2020B (Non-AMT), authorized pursuant to this Twelfth Supplemental Resolution.

**“2020B Construction Fund”** means the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020B Construction Fund” established pursuant to Section 4.04(b).

**“2020B Rebate Fund”** means the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020B Rebate Fund” established pursuant to Section 4.03(b).

**“2020B Reserve Account”** means the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020B Reserve Account” established pursuant to Section 4.05(b)(i).

**“2020B Reserve Requirement”** means the maximum amount of interest payable in any Fiscal Year on the 2020B Bonds and on any Series of Bonds designated as a 2020B Reserve Account Series (as defined in Section 4.05(b)(i) hereof), determined as of the dates of issuance thereof, unless otherwise specified in the 2020 Delivery Certificate.

**“2020C Bond Fund”** means the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020C Bond Fund” established pursuant to Section 4.02(c).

**“2020C Bonds”** means the District’s Consolidated System Revenue Bonds, Refunding Series 2020C (AMT), authorized pursuant to this Twelfth Supplemental Resolution.

**“2020C Construction Fund”** means the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020C Construction Fund” established pursuant to Section 4.04(c).

**“2020C Rebate Fund”** means the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020C Rebate Fund” established pursuant to Section 4.03(c).

**“2020C Reserve Account”** means the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020C Reserve Account” established pursuant to Section 4.05(c)(i).

**“2020C Reserve Requirement”** means the maximum amount of interest payable in any Fiscal Year on the 2020C Bonds and on any Series of Bonds designated as a 2020C Reserve Account Series (as defined in Section 4.05(c)(i) hereof), determined as of the dates of issuance thereof, unless otherwise specified in the 2020 Delivery Certificate.

**Section 1.03 Application of Revenues.** The District pledges, obligates and binds itself irrevocably to set aside and to pay and to deposit into the 2020A Bond Fund the amount of Revenues, without regard to any fixed proportion of Revenues, sufficient in time and amount to pay the principal of, premium, if any, and interest on the 2020A Bonds from time to time Outstanding, as the same become due and payable, either at the maturity or upon redemption pursuant to the terms of this Twelfth Supplemental Resolution and the Master Bond Resolution.

The District pledges, obligates and binds itself irrevocably to set aside and to pay

and to deposit into the 2020B Bond Fund the amount of Revenues, without regard to any fixed proportion of Revenues, sufficient in time and amount to pay the principal of, premium, if any, and interest on the 2020B Bonds from time to time Outstanding, as the same become due and payable, either at the maturity or upon redemption pursuant to the terms of this Twelfth Supplemental Resolution and the Master Bond Resolution.

The District pledges, obligates and binds itself irrevocably to set aside and to pay and to deposit into the 2020C Bond Fund the amount of Revenues, without regard to any fixed proportion of Revenues, sufficient in time and amount to pay the principal of, premium, if any, and interest on the 2020C Bonds from time to time Outstanding, as the same become due and payable, either at the maturity or upon redemption pursuant to the terms of this Twelfth Supplemental Resolution and the Master Bond Resolution.

The pledge of Revenues hereby made by the District shall be valid and binding from the time of the adoption of this Twelfth Supplemental Resolution. The Revenues so pledged under the Master Bond Resolution and this Twelfth Supplemental Resolution, and hereafter received by the District, shall immediately be subject to the lien of such pledge without any physical delivery or further act, and, subject to the provisions of this Twelfth Supplemental Resolution, the lien of the aforesaid pledge shall be valid and binding as against any party having claims of any kind in tort, contract or otherwise against the District irrespective of whether such parties have notice of the foregoing pledge.

**Section 1.04 Special Obligations.** The 2020 Bonds and the interest thereon shall be a valid claim of the Owners thereof only against the Revenues pledged to the respective accounts in the 2020A Bond Fund, the 2020B Bond Fund or the 2020C Bond Fund, as applicable, pursuant to this Twelfth Supplemental Resolution and against any amounts on deposit in the respective accounts in the 2020A Bond Fund, the 2020B Bond Fund or the 2020C Bond Fund, as applicable, and the related funds and accounts created hereunder. The claim of the Owners against amounts on deposit in the respective accounts in the 2020A Bond Fund, the 2020B Bond Fund or the 2020C Bond Fund, as applicable, and the related funds and accounts created hereunder shall constitute a lien and charge on such amounts prior to all other charges or claims whatsoever. The lien and charge of the 2020 Bonds on Revenues and the obligation of the District to deposit Revenues in the respective accounts in the 2020A Bond Fund, the 2020B Bond Fund or the 2020C Bond Fund, as applicable, shall constitute a lien and charge on Revenues of equal rank with the lien and charge on Revenues for the payment of Bonds heretofore and hereafter issued under the Master Bond Resolution.

The 2020 Bonds shall not in any manner or to any extent constitute general obligations of the District or of the State of Washington, or of any political subdivision of the State of Washington. The 2020 Bonds are not a charge upon the general fund or upon any moneys or other property of the District or of the State of Washington, or of any political subdivision of the State of Washington, other than (i) the Revenues pledged to the 2020 Bond Fund; and (ii) any amounts on deposit in the 2020A Bond Fund, the 2020B Bond Fund or the 2020C Bond Fund, as applicable, and the related funds and accounts created hereunder. Neither the full faith and credit nor the taxing power of the District, of the State of Washington, or of any political subdivision of the State of Washington, are

pledged to the payment of the 2020 Bonds. The issuance of the 2020 Bonds shall not constitute the incurring of indebtedness of the District within the meaning of the constitutional and statutory provisions and limitations of the State of Washington.

**Section 1.05 Due Regard.** The Commission hereby finds and determines that it has given due regard to the cost of the operation and maintenance of the Consolidated System and to the proportion or amount of Revenues previously pledged for the payment of its obligations payable from such Revenues and that it has not obligated the District to set aside into the accounts in the 2020A Bond Fund, the 2020B Bond Fund or the 2020C Bond Fund, as applicable, and the related funds and accounts created hereunder for the payment of the principal of, premium, if any, and interest on the 2020 Bonds a greater amount of the Revenues and proceeds from the sale of the 2020 Bonds than in its judgment will be available over and above such cost of maintenance and operation and the proportion or amount of the Revenues so previously pledged for the payment of its obligations payable from such Revenues.

**Section 1.06 Plan and System.**

(a) The District hereby specifies and adopts the plan and system for the acquisition and construction of the following repairs, replacements, renewals, extensions, additions, improvements and betterments to the Consolidated System, which plan and system constitutes a portion of the District's estimated capital requirements with respect to the Consolidated System, including without limitation the Distribution Division (including the Fiber and Telecommunications System), the Internal Service System, the Lake Chelan System, the Water System and the Wastewater System, through 2022, as hereinafter set forth.

The District shall acquire and construct all or any portion of the following: various additions, betterments, extensions and improvements to the Consolidated System, including without limitation the Distribution Division (including the Fiber and Telecommunications System), the Internal Service System, the Lake Chelan System, the Water System and the Wastewater System, all as set forth in the capital plan and budgets adopted from time to time by the Commission.

In connection with the foregoing plan and system, the District shall cause to be made any and all surveys and appraisals, and financial and engineering studies and investigations, and shall cause to be performed any and all fiscal, engineering, accounting, legal and other services necessary or incidental to implementation thereof.

The District may amend and modify details of the foregoing plan and system when deemed necessary or advisable in the judgment of the Commission. Should any part or portion of the foregoing plan and system, as amended and modified from time to time, be held to be invalid, it shall not affect the validity of other parts or portions thereof

(b) The District hereby specifies and adopts the plan and system for the refunding of the Refunded Bonds.

In furtherance of the foregoing plan and system, the District will apply a portion of the proceeds of the 2020A Bonds consisting of the 2020A Refunding Component, if any such Series of Bonds is issued, together with other funds of the District, to refund, pay and redeem the Consolidated System 2009D Bonds specified as Refunded Bonds in the 2020 Delivery Certificate, fund a deposit to the 2020A Reserve Account, and to pay costs of issuing the 2020A Bonds, all in accordance with the provisions hereof and of the 2020 Delivery Certificate.

In furtherance of the foregoing plan and system, the District will apply the proceeds of the 2020B Bonds, if any such Series of Bonds is issued, together with other funds of the District, to refund, pay and redeem the Rock Island 2009A Bonds and the Rocky Reach 2009A Bonds specified as Refunded Bonds in the 2020 Delivery Certificate, to fund a deposit to the 2020B Reserve Account, and to pay costs of issuing the 2020B Bonds, all in accordance with the provisions hereof and of the 2020 Delivery Certificate.

In furtherance of the foregoing plan and system, the District will apply the proceeds of the 2020C Bonds, if any such Series of Bonds is issued, together with other funds of the District, to refund, pay and redeem the Consolidated System 2008B Bonds specified as Refunded Bonds in the 2020 Delivery Certificate, to fund a deposit to the 2020C Reserve Account, and to pay costs of issuing the 2020C Bonds, all in accordance with the provisions hereof and of the 2020 Delivery Certificate.

The District may amend and modify details of the foregoing plan and system when deemed necessary or advisable in the judgment of the Commission. Should any part or portion of the foregoing plan and system, as amended and modified from time to time, be held to be invalid, it shall not affect the validity of other parts or portions thereof.

**Section 1.07 Soundness of Plan and System.** The Commission finds and determines that:

(a) the public interest, welfare, convenience and necessity require the District to implement the plan and system described in Section 1.06;

(b) the implementation of the plan and system described in Section 1.06 is for lawful purposes of the District and will further the purpose of supplying the District and the inhabitants thereof and any other persons, including public and private corporations, within or without its limits, with electricity for all uses and purposes;

(c) the implementation of the plan and system is economically sound;  
and

(d) the plan and system will contribute properly and advantageously to the conduct of the business of the District in an efficient and economical manner, and is proper and necessary for the efficient and economical operation and maintenance of the Consolidated System, the Rock Island System and the Rocky Reach System.

**Section 1.08 Cost of Plan and System.** The cost of the plan and system herein specified and adopted for the financing and refinancing of the acquisition and construction of additions, betterments, improvements, repairs, replacements, renewals, and extensions to the Consolidated System, the Rock Island System and the Rocky Reach System, including as a part of such cost funds necessary for the payment of expenses and obligations heretofore incurred, is hereby declared, as near as may be, to be no more than \$170,000,000.

**Section 1.09 Requirements of the Master Bond Resolution.** Upon the issuance and delivery 2020 Bonds, the District will be in compliance with the requirements set forth in Article IV of the Master Bond Resolution with respect to issuing additional Bonds, which compliance will be evidenced by the delivery of a closing certificate of the District to that effect.

## **ARTICLE II AUTHORIZATION AND TERMS OF THE 2020 BONDS**

**Section 2.01 Authorization of the 2020 Bonds.** There is hereby created a Series of Bonds issued pursuant to the Act and under the Master Bond Resolution which Bonds will be designated as “Public Utility District No. 1 of Chelan County, Washington Consolidated System Revenue Bonds, Revenue and Refunding Series 2020A (Non-AMT)” (the “2020A Bonds”). The 2020A Bonds shall be issued in the aggregate principal amount of up to \$141,270,000, and shall be sold by negotiated sale. The 2020A Bonds may be issued in multiple subseries and shall consist of the 2020A New Money Component and the 2020A Refunding Component.

There is hereby created a Series of Bonds issued pursuant to the Act and under the Master Bond Resolution which Bonds will be designated as “Public Utility District No. 1 of Chelan County, Washington Consolidated System Revenue Bonds, Refunding Series 2020B (Non-AMT)” (the “2020B Bonds”). The 2020B Bonds shall be issued in the aggregate principal amount of up to \$15,500,000, and shall be sold by negotiated sale.

There is hereby created a Series of Bonds issued pursuant to the Act and under the Master Bond Resolution which Bonds will be designated as “Public Utility District No. 1 of Chelan County, Washington Consolidated System Revenue Bonds, Refunding Series 2020C (AMT)” (the “2020C Bonds”). The 2020C Bonds shall be issued in the aggregate principal amount of up to \$13,230,000, and shall be sold by negotiated sale.

The combined principal amount of the 2020 Bonds shall not exceed \$170,000,000. Notwithstanding the foregoing, the issuance of the 2020 Bonds authorized to be issued under this Twelfth Supplemental Resolution shall be at the option of the District (subject to the Purchase Contract referenced in Section 5.01), and the District shall confirm the issuance of such 2020 Bonds and the terms thereof in the 2020 Delivery Certificate. In the event that the District elects to issue fewer than all Series of the 2020 Bonds authorized hereby, or one component of the 2020A Bonds, the District may redesignate the issued Series in the Delivery Certificate. The Authorized Officers (as defined herein) may, in consultation with the District’s investment bankers, financial advisors, general counsel and



Bond Counsel, establish one or more additional Series of Bonds, provided that the aggregate principal amount of all Series of Bonds issued pursuant to this Twelfth Supplemental Resolution does not exceed the authorized principal amount of the 2020 Bonds. The District shall authorize, direct and confirm the issuance of any such additional Series of Bonds, the name and Series designation of each such additional Series of Bonds and the terms thereof in the 2020 Delivery Certificate.

**Section 2.02 Authentication of the 2020 Bonds.** The 2020 Bonds shall be issued as hereinafter provided. The Registrar shall authenticate and deliver the 2020 Bonds upon receipt of all of the following:

(a) The 2020 Delivery Certificate signed by the General Manager, Chief Financial Officer or the Treasurer specifying (A) the Series designation and principal amounts of the 2020 Bonds to be issued and the allocation of the principal amount of the 2020A Bonds between the 2020A New Money Component and the 2020A Refunding Component, (B) the dated dates and maturity dates of the 2020 Bonds to be issued, (C) the interest rates to be borne by the 2020 Bonds to be issued, (D) the initial 2020A Reserve Requirement for the 2020A Bonds to be issued, the initial 2020B Reserve Requirement for the 2020B Bonds to be issued and the initial 2020C Reserve Requirement for the 2020C Bonds to be issued, if different from the amount specified in this Twelfth Supplemental Resolution, (E) that a portion of the 2020A Bonds and all of the 2020B Bonds and 2020C Bonds shall constitute Refunding Bonds under the Master Bond Resolution, (F) the Series and maturities of the Consolidated System 2008B Bonds, the Consolidated System 2009D Bonds, the Rock Island 2009A Bonds and the Rocky Reach 2009A Bonds, if any, that constitute Refunded Bonds, (G) direction as to the use of the proceeds of the sale of the 2020 Bonds to be issued and (H) any other additions or changes to this Twelfth Supplemental Resolution and such other matters as may be deemed necessary or desirable in the opinion of the Chief Financial Officer or the Treasurer, as applicable, after consultation with Bond Counsel to the District to the effect the issuance of the 2020 Bonds and further the purposes of this Twelfth Supplemental Resolution;

(b) An opinion of Bond Counsel acceptable to the District, addressed to the District, to the effect that (i) the 2020 Bonds to be issued are valid and binding obligations of the District and (ii) that interest on the 2020 Bonds is excluded from gross income for federal income tax purposes; and

(c) A certified copy of the Master Bond Resolution and this Twelfth Supplemental Resolution and a copy of the 2020 Delivery Certificate.

**Section 2.03 Terms of the 2020 Bonds.**

(a) General. The 2020 Bonds shall be issued in the form of fully registered bonds only, shall be dated the date of delivery, and shall mature and bear interest on the unpaid principal amount thereof as set forth in the 2020 Delivery Certificate. The true interest cost on the 2020 Bonds shall not exceed five percent (5.0%) per annum. Interest shall be computed on the basis of a 360-day year consisting of twelve (12) 30-day months.

(b) Method of Payment. The principal of and redemption premium, if any, on any 2020 Bond will be payable to the Owner thereof at the designated corporate trust office of the Trustee. Interest on the 2020 Bonds will be payable by the Trustee on each Interest Payment Date by check or draft mailed to each Owner as of the Record Date, at the most recent address shown on the Bond Register; provided, however, that payment of interest to each Owner who owns of record \$1,000,000 or more in aggregate principal amount of 2020 Bonds may be made to such Owner by wire transfer to such wire address within the United States as that Owner may request in writing prior to the Record Date; provided, the cost of such wire transfer shall be paid by such Owner.

**Section 2.04 Denominations; Medium of Payment.** The 2020 Bonds shall be issued in fully registered form in Authorized Denominations. The 2020 Bonds shall be payable with respect to interest, principal and redemption premium, if any, in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts. Each 2020 Bond shall bear interest until the principal sum thereof has been paid; provided, however, that if at the maturity date of any 2020 Bond, funds are available for the payment thereof in full in accordance with the terms of Article XI of the Master Bond Resolution, such 2020 Bond shall then cease to bear interest.

**Section 2.05 Registrar; Bond Registration Books.** The Trustee shall be the initial Registrar for the 2020 Bonds. While any of the 2020 Bonds issued hereunder are Outstanding, the Registrar shall keep and maintain the Bond Register. The Registrar shall make the Bond Register available to the District for its inspection during normal business hours.

**Section 2.06 Book-Entry System.**

(a) General. The 2020 Bonds shall be initially issued in the form of a separate single fully registered 2020 Bond (which may be typewritten) for each Series and maturity of the 2020 Bonds. Upon initial issuance, the ownership of each such 2020 Bond shall be registered in the Bond Register in the name of the Nominee of the Securities Depository. Except as provided in paragraph (c) below, all of the Outstanding 2020 Bonds shall be registered in the Bond Register in the name of the Nominee.

With respect to the 2020 Bonds registered in the Bond Register in the name of the Nominee, the District and the Registrar shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in the 2020 Bonds. Without limiting the immediately preceding sentence, the District and the Registrar shall have no responsibility or obligation (unless the Registrar is at such time the Securities Depository) with respect to (i) the accuracy of the records of the Securities Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the 2020 Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to the 2020 Bonds, or (iii) the payment to any Participant or any other person, other than an Owner as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest on the 2020 Bonds. The District and the Registrar may treat and consider the person in

whose name each 2020 Bond is registered in the Bond Register as the holder and absolute Owner of such 2020 Bond for the purpose of payment of principal, redemption premium, if any, and interest on such 2020 Bond, for the purpose of giving notices with respect to such 2020 Bond, and for all other purposes whatsoever.

The Trustee shall pay principal of and interest on the 2020 Bonds only to or upon the order of the respective Owners, as shown in the Bond Register, or their respective attorneys, duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations hereunder with respect to the payment of principal of and interest on the 2020 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a 2020 Bond evidencing the obligation to make payments of principal and interest pursuant to this Twelfth Supplemental Resolution. Upon delivery by the Securities Depository to the Registrar and the District of written notice to the effect that the Securities Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Twelfth Supplemental Resolution shall refer to such new nominee of the Securities Depository.

(b) Representation Letter. The District shall execute and deliver to such Securities Depository a letter or letters from the District representing such matters as shall be necessary to so qualify the 2020 Bonds for the Securities Depository's book-entry system (collectively, the "Representation Letter"). The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.06 or in any other way impose upon the District any obligation whatsoever with respect to persons having interests in the 2020 Bonds other than the Owners, as shown on the Bond Register.

(c) Transfers Outside Book-Entry System. In the event (i) the Securities Depository determines not to continue to act as securities depository for the 2020 Bonds, or (ii) the District determines that the Securities Depository shall no longer so act and delivers a written certificate to the Registrar to that effect, then the District will discontinue the book-entry system with respect to such 2020 Bonds with the Securities Depository. If the District determines to replace the Securities Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new, single, separate, fully registered 2020 Bond for each maturity of the 2020 Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangement acceptable to the District and the Securities Depository as are not inconsistent with the terms of this Twelfth Supplemental Resolution. If the District fails to identify another qualified securities depository to replace the Securities Depository, then the 2020 Bonds shall no longer be restricted to being registered in the Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Participants transferring or exchanging 2020 Bonds shall designate.

(d) Payments and Notices to the Nominee. Notwithstanding any other provision of this Twelfth Supplemental Resolution to the contrary, so long as any 2020 Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such 2020 Bond and all notices with respect to such 2020

Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Securities Depository.

(e) Initial Depository and Nominee. The initial Securities Depository under this Twelfth Supplemental Resolution shall be DTC. The initial Nominee shall be Cede & Co., as Nominee of DTC.

**Section 2.07 Form of the 2020 Bonds.** The 2020 Bonds shall be issued in substantially the form set forth in Appendix A hereto.

**Section 2.08 Additional Terms of the 2020 Bonds.** CUSIP identification numbers shall be printed on the 2020 Bonds, but such numbers shall not be deemed to be a part of the 2020 Bonds or a part of the contract evidenced thereby and no liability shall attach to the District or its officers, employees or agents because or on account of such CUSIP identification numbers.

**Section 2.09 Execution of the 2020 Bonds.** The 2020 Bonds shall be executed on behalf of the District with the manual or facsimile signature of either the President or the Vice President of the Commission and attested to by the manual or facsimile signature of the Secretary of the Commission, and shall have the seal of the District, or a facsimile thereof, printed or reproduced thereon.

### **ARTICLE III REDEMPTION PROVISIONS**

**Section 3.01 Optional Redemption.** The 2020 Bonds shall be subject to redemption prior to maturity at the option of the District as provided in the 2020 Delivery Certificate.

**Section 3.02 Mandatory Sinking Fund Redemptions.** The 2020 Bonds shall be subject to mandatory sinking fund redemptions, if any, as provided in the 2020 Delivery Certificate.

**Section 3.03 Selection.** Unless otherwise provided in the 2020 Delivery Certificate, upon any redemption of 2020 Bonds by reason of Section 3.01, the Trustee shall, at the written direction of the District, or in the absence of such written direction, by random drawing conducted by the Trustee, select the 2020 Bonds which shall be subject to redemption.

**Section 3.04 Notice of Redemption.** Any notice of redemption given pursuant to Section 5.3(b) of the Master Bond Resolution shall be given between 20 and 60 days prior to the scheduled redemption date. Any notice given pursuant to Section 5.3(c) of the Master Bond Resolution shall be given at least 20 days prior to the scheduled redemption date.

**ARTICLE IV**  
**APPLICATION OF PROCEEDS OF 2020 BONDS;**  
**FUNDS AND ACCOUNTS; CREDIT FACILITIES; TAX COVENANTS**

**Section 4.01 Application of the Proceeds of the 2020 Bonds.** Unless otherwise provided in the 2020 Delivery Certificate, (i) all or a portion of the proceeds of the 2020A Bonds corresponding to the 2020A New Money Component shall be deposited with the Treasurer to be held in trust and applied as provided in the 2020 Delivery Certificate, all or a portion of the proceeds of the 2020A Bonds corresponding to the 2020A Refunding Component shall be deposited with the Trustee and applied to refund the Consolidated System 2009D Bonds designated as Refunded Bonds, and a portion of the proceeds of the 2020A Bonds may be deposited with the Trustee in the 2020A Reserve Account; (ii) all or a portion of the proceeds of the 2020B Bonds shall be deposited with the Trustee and applied to refund the Rock Island 2009A Bonds and the Rocky Reach 2009A Bonds designated as Refunded Bonds and a portion of the proceeds of the 2020B Bonds may be deposited with the Trustee in the 2020B Reserve Account; and (iii) all or a portion of the proceeds of the 2020C Bonds shall be deposited with the Trustee and applied to refund the Consolidated System 2008B Bonds designated as Refunded Bonds and a portion of the proceeds of the 2020C Bonds may be deposited with the Trustee in the 2020C Reserve Account.

**Section 4.02 Establishment and Application of 2020A Bond Fund, the 2020B Bond Fund and the 2020C Bond Fund.**

(a) There is hereby established a special fund of the District to be known as the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Revenue and Refunding Series 2020A Bond Fund” (the “2020A Bond Fund”) to be held in trust by the Trustee. From Revenues, the Treasurer shall transfer to the Trustee funds for deposit into the 2020A Bond Fund in the amounts and at the times necessary to pay the principal of, premium, if any, and interest on the 2020A Bonds as the same shall become due and payable on each Interest Payment Date, redemption date or maturity date. On each Interest Payment Date, redemption date or maturity date, the Trustee shall apply moneys in the 2020A Bond Fund to pay the principal of, premium, if any, and interest due on the 2020A Bonds on such date. The 2020A Bond Fund and the amounts on deposit therein shall be subject to the pledge of Section 6.2 of the Master Bond Resolution for the benefit of the Owners of the 2020A Bonds.

(b) There is hereby established a special fund of the District to be known as the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020B Bond Fund” (the “2020B Bond Fund”) to be held in trust by the Trustee. From Revenues, the Treasurer shall transfer to the Trustee funds for deposit into the 2020B Bond Fund in the amounts and at the times necessary to pay the principal of, premium, if any, and interest on the 2020B Bonds as the same shall become due and payable on each Interest Payment Date, redemption date or maturity date. On each Interest Payment Date, redemption date or maturity date, the Trustee shall apply moneys in the 2020B Bond Fund to pay the principal of, premium, if any, and interest due on the 2020B Bonds on such date. The 2020B Bond Fund and the amounts on deposit therein shall be

subject to the pledge of Section 6.2 of the Master Bond Resolution for the benefit of the Owners of the 2020B Bonds.

(c) There is hereby established a special fund of the District to be known as the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020C Bond Fund” (the “2020C Bond Fund”) to be held in trust by the Trustee. From Revenues, the Treasurer shall transfer to the Trustee funds for deposit into the 2020C Bond Fund in the amounts and at the times necessary to pay the principal of, premium, if any, and interest on the 2020C Bonds as the same shall become due and payable on each Interest Payment Date, redemption date or maturity date. On each Interest Payment Date, redemption date or maturity date, the Trustee shall apply moneys in the 2020C Bond Fund to pay the principal of, premium, if any, and interest due on the 2020C Bonds on such date. The 2020C Bond Fund and the amounts on deposit therein shall be subject to the pledge of Section 6.2 of the Master Bond Resolution for the benefit of the Owners of the 2020C Bonds.

**Section 4.03 Establishment and Application of 2020A Rebate Fund, the 2020B Rebate Fund and the 2020C Rebate Fund.**

(a) To ensure proper compliance with the tax covenants contained in Section 4.06, the District shall establish and shall maintain a fund separate from any other fund or account established and maintained hereunder or under the Master Bond Resolution to be known as the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Revenue and Refunding Series 2020A Rebate Fund” (the “2020A Rebate Fund”). All money at any time deposited in the 2020A Rebate Fund in accordance with the provisions of the Tax Certificate shall be held by the Treasurer for the account of the District in trust for payment to the federal government of the United States of America, and neither the District nor the Owner of any 2020A Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the 2020A Rebate Fund shall be governed by the Master Bond Resolution and this Twelfth Supplemental Resolution and by the Tax Certificate. The Treasurer shall invest all amounts held in the 2020A Rebate Fund in accordance with the Master Bond Resolution and the Tax Certificate. Money shall not be transferred from the 2020A Rebate Fund except in accordance with the Master Bond Resolution and the Tax Certificate. The 2020A Rebate Fund and the amounts on deposit therein shall not be subject to the pledge of Section 6.2 of the Master Bond Resolution for the benefit of the Owners of the 2020A Bonds.

(b) To ensure proper compliance with the tax covenants contained in Section 4.06, the District shall establish and shall maintain a fund separate from any other fund or account established and maintained hereunder or under the Master Bond Resolution to be known as the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020B Rebate Fund” (the “2020B Rebate Fund”). All money at any time deposited in the 2020B Rebate Fund in accordance with the provisions of the Tax Certificate shall be held by the Treasurer for the account of the District in trust for payment to the federal government of the United States of America, and neither the District nor the Owner of any 2020B Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the 2020B Rebate Fund shall be governed by

the Master Bond Resolution and this Twelfth Supplemental Resolution and by the Tax Certificate. The Treasurer shall invest all amounts held in the 2020B Rebate Fund in accordance with the Master Bond Resolution and the Tax Certificate. Money shall not be transferred from the 2020B Rebate Fund except in accordance with the Master Bond Resolution and the Tax Certificate. The 2020B Rebate Fund and the amounts on deposit therein shall not be subject to the pledge of Section 6.2 of the Master Bond Resolution for the benefit of the Owners of the 2020B Bonds.

(c) To ensure proper compliance with the tax covenants contained in Section 4.06, the District shall establish and shall maintain a fund separate from any other fund or account established and maintained hereunder or under the Master Bond Resolution to be known as the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020C Rebate Fund” (the “2020C Rebate Fund”). All money at any time deposited in the 2020C Rebate Fund in accordance with the provisions of the Tax Certificate shall be held by the Treasurer for the account of the District in trust for payment to the federal government of the United States of America, and neither the District nor the Owner of any 2020C Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the 2020C Rebate Fund shall be governed by the Master Bond Resolution and this Twelfth Supplemental Resolution and by the Tax Certificate. The Treasurer shall invest all amounts held in the 2020C Rebate Fund in accordance with the Master Bond Resolution and the Tax Certificate. Money shall not be transferred from the 2020C Rebate Fund except in accordance with the Master Bond Resolution and the Tax Certificate. The 2020C Rebate Fund and the amounts on deposit therein shall not be subject to the pledge of Section 6.2 of the Master Bond Resolution for the benefit of the Owners of the 2020C Bonds.

**Section 4.04 Establishment and Application of the 2020A Construction Fund, the 2020B Construction Fund and the 2020C Construction Fund.**

(a) There is hereby created a special fund of the District to be known as the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Revenue and Refunding Series 2020A Construction Fund” (the “2020A Construction Fund”) to be held by the District. All amounts on deposit in the 2020A Construction Fund shall be applied to pay the costs of issuance of the 2020A Bonds and the costs of acquiring and constructing the additions, betterments and improvements to, and repairs, renewals and replacements of, the Consolidated System or other lawful purpose of the District.

(b) There is hereby created a special fund of the District to be known as the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020B Construction Fund” (the “2020B Construction Fund”) to be held by the District. All amounts on deposit in the 2020B Construction Fund shall be applied to pay the costs of issuance of the 2020B Bonds.

(c) There is hereby created a special fund of the District to be known as the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020C Construction Fund” (the “2020C Construction Fund”) to be held

by the District. All amounts on deposit in the 2020C Construction Fund shall be applied to pay the costs of issuance of the 2020C Bonds.

**Section 4.05 Establishment and Application of the 2020A Reserve Account, the 2020B Reserve Account and the 2020C Reserve Account; Participation of a Series of Bonds.**

(a) 2020A Reserve Account

(i) Establishment of the 2020A Reserve Account. There is hereby created a special account of the District within the Reserve Fund to be known as the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Revenue and Refunding Series 2020A Reserve Account” (the “2020A Reserve Account”) to be held in trust by the Trustee. The 2020A Bonds shall and any future Series of Bonds may (as further provided below) be secured by the 2020A Reserve Account (each such Series of Bonds a “2020A Reserve Account Series”). The District shall determine by Supplemental Resolution whether or not a Series of Bonds is to be designated as a 2020A Reserve Account Series. The District shall transfer to the Trustee for deposit into the 2020A Reserve Account upon the issuance of a 2020A Reserve Account Series such amount as will increase the balance of the 2020A Reserve Account to an amount equal to the aggregate 2020A Reserve Requirement for all 2020A Reserve Account Series secured by the 2020A Reserve Account as of the date of issuance of such Series of Bonds. The 2020A Reserve Account shall be maintained in accordance with Section 6.6 of the Master Bond Resolution.

(ii) Valuation of the 2020A Reserve Account. In the event a 2020A Reserve Account Series of Bonds is to be redeemed in whole or in part pursuant to the redemption provisions of the Supplemental Resolution authorizing the issuance of such 2020A Reserve Account Series of Bonds, the Trustee shall value the amount in the 2020A Reserve Account in accordance with Section 7.3 of the Master Bond Resolution, and if the Trustee determines that the amount in the 2020A Reserve Account exceeds the aggregate 2020A Reserve Requirement for the Series of Bonds of the 2020A Reserve Account Series to remain Outstanding after such redemption or refunding, upon the request of the District signed by the Treasurer (or his or her designee), the Trustee shall transfer the amount of such excess in accordance with such request. The Trustee may request at any time, and the District shall deliver within ten (10) Business Days of such request, a certificate stating the amount of the 2020A Reserve Requirement, and the Trustee shall be entitled to rely on such certificate.

(iii) Maintenance of 2020A Reserve Account. The District shall deposit in the 2020A Reserve Account on the date of issuance of the 2020A Bonds an amount equal to the 2020A Reserve Requirement. The Trustee shall value the amount in the 2020A Reserve Account in accordance with Section 7.3 of the Master Bond Resolution, and if the Trustee determines that the amount on deposit in the 2020A Reserve Account is less than the 2020A Reserve Requirement, the District shall transfer to the 2020A Reserve Account, from Revenues in accordance with the priorities established in Section 6.6 of the Master Bond Resolution or other available funds, an amount equal to the deficiency in the



2020A Reserve Account. Any withdrawal from the 2020A Reserve Account shall be replenished from Revenues first available for such purpose, but in any event within one year from the date of withdrawal. All investment earnings on amounts in the 2020A Reserve Account and any amounts on deposit in the 2020A Reserve Account in excess of the 2020A Reserve Requirement shall be transferred by the Trustee to the 2020A Bond Fund upon the written request of the District signed by the Treasurer (or his or her designee).

(b) 2020B Reserve Account

(i) Establishment of the 2020B Reserve Account. There is hereby created a special account of the District within the Reserve Fund to be known as the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020B Reserve Account” (the “2020B Reserve Account”) to be held in trust by the Trustee. The 2020B Bonds shall and any future Series of Bonds may (as further provided below) be secured by the 2020B Reserve Account (each such Series of Bonds a “2020B Reserve Account Series”). The District shall determine by Supplemental Resolution whether or not a Series of Bonds is to be designated as a 2020B Reserve Account Series. The District shall transfer to the Trustee for deposit into the 2020B Reserve Account upon the issuance of a 2020B Reserve Account Series such amount as will increase the balance of the 2020B Reserve Account to an amount equal to the aggregate 2020B Reserve Requirement for all 2020B Reserve Account Series secured by the 2020B Reserve Account as of the date of issuance of such Series of Bonds. The 2020B Reserve Account shall be maintained in accordance with Section 6.6 of the Master Bond Resolution.

(ii) Valuation of the 2020B Reserve Account. In the event a 2020B Reserve Account Series of Bonds is to be redeemed in whole or in part pursuant to the redemption provisions of the Supplemental Resolution authorizing the issuance of such 2020B Reserve Account Series of Bonds, the Trustee shall value the amount in the 2020B Reserve Account in accordance with Section 7.3 of the Master Bond Resolution, and if the Trustee determines that the amount in the 2020B Reserve Account exceeds the aggregate 2020B Reserve Requirement for the Series of Bonds of the 2020B Reserve Account Series to remain Outstanding after such redemption or refunding, upon the request of the District signed by the Treasurer (or his or her designee), the Trustee shall transfer the amount of such excess in accordance with such request. The Trustee may request at any time, and the District shall deliver within ten (10) Business Days of such request, a certificate stating the amount of the 2020B Reserve Requirement, and the Trustee shall be entitled to rely on such certificate.

(iii) Maintenance of 2020B Reserve Account. The District shall deposit in the 2020B Reserve Account on the date of issuance of the 2020B Bonds an amount equal to the 2020B Reserve Requirement. The Trustee shall value the amount in the 2020B Reserve Account in accordance with Section 7.3 of the Master Bond Resolution, and if the Trustee determines that the amount on deposit in the 2020B Reserve Account is less than the 2020B Reserve Requirement, the District shall transfer to the 2020B Reserve Account, from Revenues in accordance with the priorities established in Section 6.6 of the

Master Bond Resolution or other available funds, an amount equal to the deficiency in the 2020B Reserve Account. Any withdrawal from the 2020B Reserve Account shall be replenished from Revenues first available for such purpose, but in any event within one year from the date of withdrawal. All investment earnings on amounts in the 2020B Reserve Account and any amounts on deposit in the 2020B Reserve Account in excess of the 2020B Reserve Requirement shall be transferred by the Trustee to the 2020B Bond Fund upon the written request of the District signed by the Treasurer (or his or her designee).

(c) 2020C Reserve Account

(i) Establishment of the 2020C Reserve Account. There is hereby created a special account of the District within the Reserve Fund to be known as the “Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, Refunding Series 2020C Reserve Account” (the “2020C Reserve Account”) to be held in trust by the Trustee. The 2020C Bonds shall and any future Series of Bonds may (as further provided below) be secured by the 2020C Reserve Account (each such Series of Bonds a “2020C Reserve Account Series”). The District shall determine by Supplemental Resolution whether or not a Series of Bonds is to be designated as a 2020C Reserve Account Series. The District shall transfer to the Trustee for deposit into the 2020C Reserve Account upon the issuance of a 2020C Reserve Account Series such amount as will increase the balance of the 2020C Reserve Account to an amount equal to the aggregate 2020C Reserve Requirement for all 2020C Reserve Account Series secured by the 2020C Reserve Account as of the date of issuance of such Series of Bonds. The 2020C Reserve Account shall be maintained in accordance with Section 6.6 of the Master Bond Resolution.

(ii) Valuation of the 2020C Reserve Account. In the event a 2020C Reserve Account Series of Bonds is to be redeemed in whole or in part pursuant to the redemption provisions of the Supplemental Resolution authorizing the issuance of such 2020C Reserve Account Series of Bonds, the Trustee shall value the amount in the 2020C Reserve Account in accordance with Section 7.3 of the Master Bond Resolution, and if the Trustee determines that the amount in the 2020C Reserve Account exceeds the aggregate 2020C Reserve Requirement for the Series of Bonds of the 2020C Reserve Account Series to remain Outstanding after such redemption or refunding, upon the request of the District signed by the Treasurer (or his or her designee), the Trustee shall transfer the amount of such excess in accordance with such request. The Trustee may request at any time, and the District shall deliver within ten (10) Business Days of such request, a certificate stating the amount of the 2020C Reserve Requirement, and the Trustee shall be entitled to rely on such certificate.

(iii) Maintenance of 2020C Reserve Account. The District shall deposit in the 2020C Reserve Account on the date of issuance of the 2020C Bonds an amount equal to the 2020C Reserve Requirement. The Trustee shall value the amount in the 2020C Reserve Account in accordance with Section 7.3 of the Master Bond Resolution, and if the Trustee determines that the amount on deposit in the 2020C Reserve Account is less than the 2020C Reserve Requirement, the District shall transfer to the 2020C Reserve

Account, from Revenues in accordance with the priorities established in Section 6.6 of the Master Bond Resolution or other available funds, an amount equal to the deficiency in the 2020C Reserve Account. Any withdrawal from the 2020C Reserve Account shall be replenished from Revenues first available for such purpose, but in any event within one year from the date of withdrawal. All investment earnings on amounts in the 2020C Reserve Account and any amounts on deposit in the 2020C Reserve Account in excess of the 2020C Reserve Requirement shall be transferred by the Trustee to the 2020C Bond Fund upon the written request of the District signed by the Treasurer (or his or her designee).

**Section 4.06 Tax Covenants.** In order to maintain the exclusion from gross income of the interest on the 2020 Bonds for federal income tax purposes, the District covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and the District agrees to comply with the covenants contained in, and the instructions given pursuant to, the Tax Certificate, if any, which by this reference is incorporated herein.

## **ARTICLE V APPROVAL OF PURCHASE CONTRACT AND OTHER DOCUMENTS**

**Section 5.01 Approval of Purchase Contract.** The contract between the District and Barclays Capital Inc. (the “Underwriter”) for the purchase of the 2020 Bonds (the “Purchase Contract”), shall be and is hereby approved in substantially the form presented to and considered at this meeting, which is on file with the Secretary, and the President and the Vice President of the Commission, the Chief Financial Officer and the Treasurer of the District (each, an “Authorized Officer” and collectively, the “Authorized Officers”), each acting singly, shall be and each of them is hereby authorized, empowered and directed to execute and deliver the Purchase Contract with such changes therein from the form presented to this meeting as such officer shall deem appropriate and in the best interests of the District upon consultation with Bond Counsel, such approval to be evidenced conclusively, by his or her execution thereof, as so added to or changed. Subject to the conditions set forth in this Section 5.01, the 2020 Bonds shall be sold to the Underwriter pursuant to the Purchase Contract at a purchase price equal to the principal amount of the 2020 Bonds less any original issue discount and plus any original issue premium, and less an Underwriter’s discount not to exceed 0.7% of the aggregate principal amount of the 2020 Bonds.

### **Section 5.02 Approval of Official Statement.**

(a) Preliminary Official Statement. The preliminary official statement with respect the 2020 Bonds (the “Preliminary Official Statement”), in substantially the form presented to and considered at this meeting which is on file with the Secretary, shall be and is hereby authorized and approved and shall be delivered to the Underwriter with such changes therein from the form presented to this meeting as shall be deemed appropriate and in the best interests of the District, upon consultation with Bond Counsel, by one or more Authorized Officers, such approval to be evidenced conclusively by the delivery of the Preliminary Official Statement to the Underwriter, as so added to or

changed. The Underwriter is hereby authorized to distribute the Preliminary Official Statement in connection with the offer and sale of the 2020 Bonds. The Authorized Officers, each acting singly, shall be and each of them is hereby authorized, empowered and directed to deem the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, such action to be conclusively evidenced by delivery of the Preliminary Official Statement to the Underwriter.

(b) Official Statement. The Authorized Officers, each acting singly, shall be and each of them is hereby authorized, empowered and directed to execute and deliver a final official statement (the “Official Statement”) substantially in the form of the Preliminary Official Statement with such changes therein from the Preliminary Official Statement as such officer shall deem appropriate and in the best interests of the District and as permitted by Rule 15c2-12 of the Securities and Exchange Commission upon consultation with Bond Counsel, such approval to be evidenced conclusively by his or her execution thereof, as so added to or changed. The Underwriter is hereby authorized to distribute the Official Statement in connection with the offer and sale of the 2020 Bonds.

**Section 5.03 Approval of the 2020 Delivery Certificate.** The Authorized Officers, each acting singly, shall be and each of them is hereby authorized, empowered and directed to execute and deliver the 2020 Delivery Certificate upon the issuance and delivery of the 2020 Bonds, including such changes or additions to this Twelfth Supplemental Resolution as shall be necessary or desirable and consistent with the intents and purposes hereof.

**Section 5.04 Approval of the Continuing Disclosure Certificate.** The Authorized Officers, each acting singly, shall be and each of them is hereby authorized, empowered and directed to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery and sale of the 2020 Bonds with such terms and provisions as such officer shall deem appropriate and in the best interests of the District, upon consultation with counsel to the District.

**Section 5.05 Approval of Escrow Agreements.** The Escrow Agreements, in substantially the forms presented to and considered at this meeting, shall be and hereby are approved, and the Authorized Officers, each acting singly, shall be and each of them is hereby authorized, empowered and directed to execute and deliver the Escrow Agreements with such changes therein as such officer shall deem appropriate and in the best interests of the District, as conclusively evidenced by his or her execution thereof.

**Section 5.06 Approval of Bond Counsel Fees.** The District is hereby authorized, empowered and directed to pay from the proceeds of the 2020 Bonds or from other available funds of the District an amount not to exceed \$275,000 for bond counsel services in connection with the issuance of the 2020 Bonds to Orrick, Herrington & Sutcliffe LLP.

**Section 5.07 Further Action.** The Authorized Officers, each acting singly, and the other officers, agents and employees of the District shall be and each of them is hereby authorized, empowered and directed to execute and deliver such other documents and

agreements in addition to those enumerated herein, and to take such other actions as they deem necessary or advisable in order to carry out and perform the purposes of this Twelfth Supplemental Resolution. All actions taken by the Authorized Officers and the other officers, agents and employees of the District pursuant to or anticipation of the adoption of this Twelfth Supplemental Resolution but prior to its effective date are hereby ratified, confirmed and approved.

## **ARTICLE VI OPTIONAL REDEMPTION OF 2008B BONDS**

**Section 6.01 Redemption of 2008B Bonds.** The Authorized Officers are hereby authorized at such time as may be financially advantageous to the District, upon consultation with the District's municipal advisor and Bond Counsel, to provide instructions to the Trustee to call for redemption from available monies of the District all or a portion of the 2008B Bonds in accordance with the terms of the Master Bond Resolution and as set forth in an instruction letter to the Trustee. All prior actions taken by Authorized Officers to provide such instructions are hereby ratified.

## **ARTICLE VII DEFEASANCE OF 2011A/B BONDS**

**Section 7.01 Defeasance of 2011A/B Bonds.** The Authorized Officers are hereby authorized at such time as may be financially advantageous to the District, upon consultation with the District's municipal advisor and Bond Counsel, to provide irrevocable instructions to the Trustee to defease and redeem from available monies of the District all or a portion of the 2011A/B Bonds, on the first available optional redemption date of such 2011A/B Bonds in accordance with the terms of the Master Bond Resolution and as set forth in the applicable Escrow Agreement. All prior actions taken by Authorized Officers to provide such instructions are hereby ratified.

## **ARTICLE VIII MISCELLANEOUS**

**Section 8.01 2020 Bonds Subject to the Master Bond Resolution.** Except as expressly provided in this Twelfth Supplemental Resolution, every term and condition contained in the Master Bond Resolution shall apply to this Twelfth Supplemental Resolution and to the 2020 Bonds with the same force and effect as if it were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Twelfth Supplemental Resolution.

**Section 8.02 Severability of Invalid Provisions.** If any one or more of the provisions contained in this Twelfth Supplemental Resolution or in the 2020 Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Twelfth Supplemental Resolution, such invalidity, illegality or unenforceability shall not affect any other provision of this Twelfth Supplemental Resolution, and this

Twelfth Supplemental Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

**Section 8.03 Notice to Rating Agencies.** The District shall provide the Rating Agencies with prompt written notice of: (i) the appointment of any successor Trustee, (ii) any amendments to the Master Bond Resolution or to this Twelfth Supplemental Resolution, (iii) the redemption, in whole or in part, of any 2020 Bonds and (iv) the defeasance of all the 2020 Bonds.

Notices to the Rating Agencies shall be sent to the following addresses:

- (a) To Fitch: Fitch, Inc.  
One State Street Plaza  
New York, New York 10004
  
- (b) To S&P: Standard & Poor's Credit Market Services  
55 Water Street, 38th Floor  
New York, New York 10041  
pubfin\_structured@standardandpoors.com

**Section 8.04 Twelfth Supplemental Resolution as Contract.** In consideration of the acceptance of the 2020 Bonds by the Owners thereof, the provisions of this Twelfth Supplemental Resolution shall be deemed to be and shall constitute a contract between the District and the Owners of the 2020 Bonds to secure the full and final payment of the principal of, and interest on, the 2020 Bonds, subject to the conditions, covenants and terms contained herein and in the Master Bond Resolution.

[Signature page follows]

Dated the 30<sup>th</sup> day of March 2020.

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President

ATTEST:

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Vice President

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Secretary

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Commissioner

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Commissioner

SEAL

**APPENDIX A**

**FORM OF [2020A][2020B][2020C] BOND**

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

**CONSOLIDATED SYSTEM REVENUE BONDS, [REVENUE AND  
REFUNDING][REFUNDING] SERIES 2020[A][B][C] [(NON-AMT)][(AMT)]**

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
		%	

**REGISTERED OWNER:**

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON (the “District”), a municipal corporation duly organized and existing under the laws of the State of Washington, for value received, hereby promises to pay to the order of the Registered Owner shown above on the Maturity Date shown above, upon presentation and surrender hereof, the Principal Amount shown above and to pay interest at the Interest Rate shown above on the balance of said Principal Amount from time to time remaining unpaid. This Bond is one of the District’s Public Utility District No. 1 of Chelan County, Washington Consolidated System Revenue Bonds, [Revenue and Refunding][Refunding] Series [2020A][2020B][2020C] [(Non-AMT)][(AMT)] (the “Bonds”). The Bonds are issued pursuant to Resolution No. 07-13067, adopted by the District’s Commission on March 12, 2007 (the “Master Bond Resolution”), as amended by Resolution No. 07-13099, adopted by the District’s Commission on April 30, 2007 (the “First Supplemental Resolution”), and as supplemented by Resolution No. 20-\_\_\_\_\_, adopted by the Commission on March 30, 2020 (the “Twelfth Supplemental Resolution”), for the purposes of financing and refinancing the acquisition and construction of and certain additions, betterments and improvements to and renewals, replacements and extensions of the District’s Consolidated System, Rock Island System and Rocky Reach System and paying certain expenses related to the issuance of the Bonds. This Bond and the rights of the Owner hereof are in all respects subject to and governed by the Master Bond Resolution and the Twelfth Supplemental Resolution. All terms used in this Bond and not otherwise defined herein shall have the meanings assigned thereto in the Master Bond Resolution or in the Twelfth Supplemental Resolution.

The principal of, premium, if any, and interest on the Bonds is payable solely from amounts on deposit in a separate account in a special fund of the District known as the Public Utility District No. 1 of Chelan County Consolidated System Revenue Bonds, [Revenue and Refunding][Refunding] Series [2020A][2020B][2020C] Bond Fund (the “[2020A][2020B][2020C] Bond Fund”) and other funds and accounts established for the



benefit of the Bonds as set forth in the Twelfth Supplemental Resolution. The [2020A][2020B][2020C] Bond Fund is established by the Twelfth Supplemental Resolution. The District has pledged, obligated and bound itself irrevocably to set aside and to pay into the [2020A][2020B][2020C] Bond Fund the fixed amount of Revenues, without regard to any fixed proportion of Revenues, sufficient in time and amount to pay principal of, premium, if any, and interest on all the Bonds from time to time Outstanding, as the same shall respectively become due and payable pursuant to the terms of the Master Bond Resolution and the Twelfth Supplemental Resolution.

The Bonds are special limited obligations of the District payable from and secured by the Revenues of the District. The Bonds shall not in any manner or to any extent constitute general obligations of the District or of the State of Washington, or of any political subdivision of the State of Washington. The Bonds are not a charge upon the general fund or upon any moneys or other property of the District or of the State of Washington, or of any political subdivision of the State of Washington, other than the Revenues pledged to the [2020A][2020B][2020C] Bond Fund and the related funds and accounts created under the Master Bond Resolution and the Twelfth Supplemental Resolution. Neither the full faith and credit nor the taxing power of the District, of the State of Washington, or of any political subdivision of the State of Washington, are pledged to the payment of the Bonds. The issuance of the Bonds shall not constitute the incurring of indebtedness of the District within the meaning of the constitutional and statutory provisions and limitations of the State of Washington.

The Bonds are equally and ratably secured by a pledge of Revenues. The District may incur additional indebtedness secured by a pledge of Revenues on an equal and ratable (parity) basis with the Bonds subject to the terms of the Master Bond Resolution.

Interest on this Bond will be payable on January 1 and July 1 of each year, commencing January 1, 2021, on the principal amount of this Bond remaining unpaid.

Interest on this Bond shall be payable to the Owner as of the close of business on the applicable Record Date by check or draft drawn upon and mailed by the Trustee to such Registered Owner at the address shown on the registration books maintained by the Registrar (the "Bond Register"); provided, however, that, if requested in writing to the Trustee by a Registered Owner of not less than \$1,000,000 in principal amount of Bonds prior to the applicable Record Date, interest shall be payable by wire transfer to such wire address within the United States as the Registered Owner shall specify; provided, the cost of such wire transfer shall be paid by such Owner. The principal of and redemption premium, if any, on this Bond shall be payable only upon presentation and surrender of this Bond at the designated corporate trust office of the Trustee. Principal of, and redemption premium, if any, and interest on, this Bond are payable in lawful money of the United States of America, which, at the respective date of payment thereof, is legal tender for the payment of public and private debts.

Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve (12) 30-day months.

The Registrar shall be the registrar for the Bonds. While any of the Bonds are Outstanding, the Registrar shall, on behalf of the District, keep and maintain the Bond Register (which shall be kept at the designated corporate trust office of the Registrar).

## **REDEMPTION**

This Bond shall be subject to optional and mandatory redemption prior to maturity, in whole or in part, at the times, in the amounts and at the prices determined pursuant to the Twelfth Supplemental Resolution.

When Bonds (or portions thereof) are to be redeemed, the District shall give or cause to be given notice of the redemption of such Bonds to the Trustee no later than 45 days prior to the redemption date or such shorter time as may be acceptable to the Trustee. In the case of an optional redemption, the notice may state that such redemption is a Conditional Redemption, and such notice and optional redemption shall be of no effect if such money is not so deposited or if the notice is rescinded as described in the Master Bond Resolution. The Trustee, at the expense of the District, shall send notice of any redemption, identifying the Bonds to be redeemed, the redemption date and the method and place of payment and the information required by the Master Bond Resolution, by first-class mail postage prepaid to each Owner of a Bond called for redemption to the Owner's address set forth on the Bond Register. Such notice shall be sent by the Trustee by first-class mail between 20 and 60 days prior to the scheduled redemption date. With respect to Book-Entry Bonds, if the Trustee sends notice of redemption to the Securities Depository pursuant to the Letter of Representations, the Trustee shall not be required to give the notice set forth in the immediately preceding sentence. If notice is given as stated in this paragraph, failure of any Owner to receive such notice, or any defect in the notice, shall not affect the redemption or the validity of the proceedings for the redemption of the Bonds.

## **MISCELLANEOUS**

No recourse shall be had for the payment of the principal of, premium, if any, or interest on, any of the Bonds or for any claim based thereon or under the Master Bond Resolution or the Twelfth Supplemental Resolution, against any past, present or future Commission member, officer, employee or agent of the District, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such Commission member, officer, employee or agent as such is hereby expressly waived and released as a condition of, and in consideration for, the acceptance of this Bond.

The Owner of this Bond shall have no right to enforce the provisions of the Master Bond Resolution or the Twelfth Supplemental Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Master Bond Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Master Bond Resolution.

The District and the Trustee may treat the person in whose name this Bond is registered as the Owner hereof for the purpose of receiving payment as herein provided

and for all other purposes, whether or not this Bond be overdue, and neither the District nor the Trustee shall be affected by notice to the contrary.

The Master Bond Resolution prescribes the manner in which this Bond may be discharged, including a provision that the Bonds shall be deemed to be paid if cash and/or Government Securities maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to pay the principal of, premium, if any, and interest on the Bonds shall have been deposited with the Trustee, after which the Bonds shall no longer be secured by or entitled to the benefits of the Master Bond Resolution or the Twelfth Supplemental Resolution, except for the purposes of registration and exchange of Bonds and of payment from such source.

This Bond is transferable by the Owner hereof in person or by his or her attorney duly authorized in writing at the designated corporate trust office of the Registrar but only in the manner, subject to the limitations of and upon payment of the charges provided in the Master Bond Resolution and upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond or Bonds in Authorized Denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor.

Reference is hereby made to the Master Bond Resolution and the Twelfth Supplemental Resolution, copies of which are on file with the District, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the District, the Trustee and the Owners of any Bonds, the terms upon which the Bonds are issued and secured and other matters, to all of which the Owner of this Bond assents by the acceptance of this Bond.

Modifications or alterations of the Master Bond Resolution or the Twelfth Supplemental Resolution, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Master Bond Resolution and the Twelfth Supplemental Resolution.

It is hereby certified and declared that all acts, conditions and things required to exist, to have happened and to have been performed precedent to and in the execution of the Master Bond Resolution and the Twelfth Supplemental Resolution and the issuance of this Bond and the series of Bonds of which this is one do exist, have happened and have been performed in due time, form and manner as required by law, and that this Bond, together with all other indebtedness of the District, does not exceed any limit of indebtedness prescribed by the Constitution and laws of the State of Washington and is not in excess of the amount of Bonds (as defined in the Master Bond Resolution) permitted to be issued under the Master Bond Resolution, the Twelfth Supplemental Resolution or the Act.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Master Bond Resolution or the Twelfth Supplemental Resolution unless and until the certificate of authentication hereon shall have been duly executed by the manual signature of an authorized officer of the Registrar.

IN WITNESS WHEREOF, PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, has caused this Bond to be executed in its name by the [manual][facsimile] signature of the President or Vice President of its Commission and attested by the [manual][facsimile] signature of the Secretary of its Commission and the seal of the District to be impressed or imprinted hereon as of the set forth above.

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

By:

\_\_\_\_\_  
[Vice] President

ATTEST:

By: \_\_\_\_\_  
Secretary

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the fully registered Public Utility District No. 1 of Chelan County, Washington Consolidated System Revenue Bonds, [Revenue and Refunding][Refunding] Series [2020A][2020B][2020C] [(Non-AMT)][(AMT)], described in the within mentioned Master Bond Resolution and Twelfth Supplemental Resolution.

Date of Authentication: \_\_\_\_\_

**Registrar**

By:

\_\_\_\_\_  
Authorized Signatory

## ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within mentioned Bond and in the assignment below, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM: as tenants in common

TEN ENT: as tenants by the entireties

JT TEN: as joint tenants with right  
of survivorship and not as  
tenants in common

UNIF GIFT MIN ACT \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the books of the Registrar with full power of substitution in the premises.

Dated: \_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

**SIGNATURE GUARANTEED:**

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION AUTHORIZING THE GENERAL  
MANAGER TO AMEND THE SERVICE  
AGREEMENT (SA NO. 13-162) WITH  
PRICEWATERHOUSECOOPERS LLP TO INCLUDE  
QUALITY CONTROL REVIEW SERVICES  
SUPPORTING THE 2020 CONSOLIDATED  
SYSTEM REVENUE AND REFUNDING BONDS

## FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution No. 13-13812 dated August 19, 2013, authorized a Service Agreement (SA 13-162) with PricewaterhouseCoopers to provide audit services of the financial statements for calendar years ended 2013, 2014, and 2015. Resolution No. 16-14061 dated August 15, 2016, authorized an Amendment to SA 13-162 with PricewaterhouseCoopers to provide audit services of the financial statements for calendar years ended 2016, 2017, and 2018. Resolution No. 19-14372 dated August 19, 2019, authorized an Amendment to SA 13-162 with PricewaterhouseCoopers to provide audit services of the financial statements for calendar years ended 2019, 2020, and 2021.

District staff has determined that it is in the District's best interests to amend the Service Agreement (SA No. 13-162) with PwC to extend the Agreement to include quality control review procedures in respect of the District's issuance of the 2020 Consolidated System Revenue and Refunding bonds anticipated for issuance in second quarter 2020. Since the District has not issued bonds for many years, additional levels of quality control review of the District's financial statements is required.

In addition, generally accepted auditing standards require that auditors review any report that contains their independent audit report. The purpose of this procedure is to consider whether other information in the report, including the manner of its presentation, is materially consistent with information appearing in the financial statements.

Consequently, PwC must perform additional quality control review procedures before providing consent to incorporate the firm's name by reference and the independent auditors' report relating to the audit of the financial statements in the Preliminary Official Statement and Official Statement for the 2020 Consolidated System Revenue and Refunding bonds. Costs for these additional services will be billed based on actual hours incurred at agreed upon hourly billing rates, not to exceed \$60,000. Payment of these costs will be a cost of issuance of such bonds.

Due to this Service Agreement covering multiple years, the total contract price exceeds \$500,000. Resolution No. 17-14215 requires that the Commission, by resolution, authorize Service Agreements and amendments when the total contract price exceeds \$500,000. The current Service Agreement not to exceed amount of \$2,170,910, would be increased by \$60,000 for a total revised contract price not to exceed \$2,230,910.

The General Manager has reviewed District staff's recommendation and concurs in the same.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON as follows:

Section 1. The General Manager is hereby authorized and directed to amend Service Agreement (SA No. 13-162) with PricewaterhouseCoopers to extend services to include quality control review procedures in respect of the District's issuance of the 2020 Consolidated System Revenue and Refunding bonds anticipated for issuance in second quarter 2020, as required by generally accepted auditing standards. The District's costs for said services are based on actual hours incurred at agreed upon hourly rates, not to exceed \$60,000. A copy of the Amendment is on file in the offices of the District.

DATED this 30th day of March 2020.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

Seal