

RESOLUTION NO. 1467

A RESOLUTION of the Commission of Public Utility District No. 1 of Okanogan County authorizing the execution of a Fourth Repayment Agreement relating to a line of credit for Northwest Open Access Network.

WHEREAS, the District, along with other Washington municipal corporations (collectively, the "Members"), is a member of Northwest Open Access Network, a Washington nonprofit mutual corporation ("NoaNet"); and

WHEREAS, NoaNet intends to establish a line of credit in the principal amount not to exceed \$1,500,000 (the "Line of Credit") and to draw on such Line of Credit in order to finance improvements to and expansion of NoaNet facilities as authorized by resolution of the NoaNet Board; and

WHEREAS, as a condition to extending the Line of Credit to NoaNet, the lender has required that the Members of NoaNet be obligated for repayment of amounts due on the Line of Credit; and

WHEREAS, it is in the best interest of the District and its customer-owners for the District to enter into an agreement with NoaNet setting forth the terms under which, in the event NoaNet's revenue is insufficient to repay the line of credit, the District will repay NoaNet for draws on the Line of Credit based on the District's percentage interest;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The General Manager of the District is hereby authorized to execute on behalf of the District the Fourth Repayment Agreement in substantially the form attached to this Resolution (the "Repayment Agreement") and such Repayment Agreement is hereby approved.
2. The General Manager of the District or his or her designee is hereby authorized to take any and all actions necessary or appropriate to assist NoaNet in obtaining the Line of Credit.

ADOPTED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF OKANOGAN COUNTY, WASHINGTON, at an open public meeting this 26th day of August, 2008.



Ernest J. Bolz, President



Trish Butler, Vice President

Attest:



David A. Womack, Secretary

Approved:



Michael D. Howe, Legal Counsel

RESOLUTION NO. 0085

A RESOLUTION OF THE NORTHWEST OPEN ACCESS NETWORK PROVIDING FOR THE ISSUANCE AND SALE OF A NOTE IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$1,500,000; PROVIDING THE FORM AND TERMS OF THE NOTE; CREATING A SPECIAL FUND FOR ITS PAYMENT; AND PROVIDING FOR THE SALE OF THE NOTE.

RECITALS:

- 1) Northwest Open Access Network ("NoaNet") is a Washington nonprofit mutual corporation, established and operated pursuant to RCW 24.06, whose members are Public Utility District Nos. 1 of Benton, Chelan, Clallam, Douglas, Franklin, Jefferson, Kitsap, Okanogan, and Pend Oreille Counties; Public Utility District Nos. 2 of Grant and Pacific Counties; Public Utility District No. 3 of Mason County; and Energy Northwest (the "Members"); and
- 2) The Members formed NoaNet pursuant to an Interlocal Cooperation Agreement; and
- 3) RCW 24.06.030(8) authorizes nonprofit mutual corporations to incur liabilities, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds and other obligations, and secure any of its obligations by a pledge of all or any of its income; and
- 4) It is hereby found to be in the best interest of NoaNet and its Members that it establish a line of credit in the total principal amount of not to exceed \$1,500,000 in order to finance capital expenditures and that a note be issued to evidence the line of credit;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Northwest Open Access Network as follows:

Section 1. Definitions. As used in this resolution, the following terms shall have the following meanings:

"Authorized Officers" means the Chief Executive Officer and Treasurer.

"Bank" means Bank of America, N.A.

"Board of Directors" or "Board" means the Board of Directors of NoaNet, as described in its Bylaws and Articles of Incorporation.

"Costs of Maintenance and Operation" means all of those expenses incurred in the administration, operation and maintenance of the Telecommunications Network, but not including depreciation, amortization and similar charges.

“Gross Revenue” means all income and revenues received by NoaNet from the ownership or operation of the Telecommunications Network, including but not limited to payments received from membership Assessments, and all other commodities, services and facilities sold, furnished or supplied by NoaNet through the ownership or operation of the Telecommunications Network, together with the investment income earned on money held in any fund or account of NoaNet, including any bond redemption funds and the accounts therein, in connection with the ownership and operation of the Telecommunications Network (but exclusive of income derived from investments irrevocably pledged to the payment of any specific revenue bonds of NoaNet, such as bonds refunded or defeased, investment income earned on money in any arbitrage rebate account, and grants for capital purposes). Gross Revenue shall not include revenue from the High Capacity Network System or any other separate system of NoaNet.

“LIBOR” means the interest rate determined by the Bank using the following formula, rounded upward to the nearest 1/100 of one percent:

$$\text{LIBOR} = \frac{\text{London Inter-Bank Offered Rate}}{(1.0 - \text{Reserve Percentage})}$$

“London Inter-Bank Offered Rate” means, for any applicable LIBOR Interest Rate Period, the rate per annum equal to the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time two London Banking Days before the commencement of the LIBOR Interest Rate Period, for U.S. Dollar deposits (for delivery on the first day of such LIBOR Interest Rate Period) with a term equivalent to such LIBOR Interest Rate Period. If such rate is not available at such time for any reason, then the rate for that LIBOR Interest Rate Period will be determined by such alternate method as reasonably selected by the Bank.

“LIBOR Interest Rate Period” means a one-month period commencing on a London Banking Day. The date of the last day of the LIBOR Interest Rate Period and the actual number of days during the interest period will be determined by the Bank using the practices of the London inter-bank market.

“London Banking Day” is a day on which banks in London are open for business and dealing in offshore dollars.

“Member” means a member of NoaNet.

“Net Revenue” means Gross Revenue minus Costs of Maintenance and Operation.

“NoaNet” means Northwest Open Access Network, a Washington nonprofit mutual corporation.

“Note” means the “Northwest Open Access Network Note, 2008 (Taxable)” authorized by this resolution.

“Note Fund” means the “Note Fund, 2008” created by this resolution.

“Note Register” means the registration records for the Note maintained by the Note Registrar.

“Note Registrar” means the Treasurer, whose duties include registering and authenticating the Note, maintaining the Note Register, transferring ownership of the Note, and paying the principal of and interest on the Note.

“Prime Rate” means the rate of interest publicly announced from time to time by the Bank as its Prime Rate. The Prime Rate is set by the Bank based on various factors, including the Bank’s cost and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans. The Bank may price loans to its customers at, above, or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in the Bank’s Prime Rate.

“Repayment Agreement” means the Fourth Repayment Agreement among NoaNet and the Members providing for repayment of the Note.

“Request for Draw” means an oral or written request by an Authorized Officer for a draw from the line of credit authorized to be established by this resolution.

“Reserve Percentage” means the total of the maximum reserve percentages for determining the reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency Liabilities, as defined in Federal Reserve Board Regulation D, rounded upward to the nearest 1/100 of one percent. The percentage will be expressed as a decimal, and will include, but not be limited to, marginal, emergency, supplemental, special, and other reserve percentages.

Section 2. Authorization of Note. In order to finance capital expenditures related to upgrading and expanding facilities, NoaNet shall establish a non-revolving line of credit and issue and sell a note to evidence such line. The Note shall be designated “Northwest Open Access Network Note, 2008 (Taxable)” and issued in the denomination of not to exceed \$1,500,000 outstanding at any one time (the “Note”).

The outstanding principal balance on the Note shall be payable in equal quarterly installments of \$75,000.00 each, commencing February 1, 2009. The Note shall be dated the date of delivery to the Bank. The Note shall bear interest on the outstanding principal balance at a rate per annum that is either the Prime Rate Option or the LIBOR Rate Option, each as described below. Interest on the outstanding principal balance of the Note shall be payable quarterly, commencing November 1, 2008, calculated on the basis of a 360-day year and the actual number of days elapsed. The Note matures on, and all outstanding principal and interest on the Note must be paid by, November 1, 2013.

Any Request for a Draw shall specify whether such draw shall bear interest at the Prime Rate minus 1.0% (the "Prime Rate Option"), or at a rate equal to LIBOR plus 1.50% (the "LIBOR Rate Option"). The minimum principal amount of any draw subject to the LIBOR Rate Option is \$100,000. NoaNet may elect to convert principal amounts subject to the Prime Rate Option to the LIBOR Rate Option, on any date, subject to a minimum principal amount of \$100,000 to be converted, and may elect to convert principal amounts subject to the LIBOR Rate Option to the Prime Rate Option, upon the expiration of the applicable LIBOR Interest Rate Period (each a "Conversion").

Notwithstanding the foregoing, so long as an event of a default (as defined in Section 11) has occurred and is continuing hereunder, outstanding principal amounts will bear interest at a default rate three (3.0) percentage points in excess of the interest rate otherwise applicable under the Note.

The Note shall be issued in fully registered form. Both principal of and interest on the Note shall be payable in lawful money of the United States of America by automatic debit on the due date from NoaNet's checking account at the Bank. The Bank will give 10 days' prior notice to NoaNet of the amount to be debited. Principal and interest shall be an obligation only of the Note Fund. The Treasurer shall act as Note Registrar.

The outstanding principal balance of the Note on any particular day shall be the aggregate of all funds which NoaNet has drawn from the date of the note to that day less the aggregate of all principal payments made by NoaNet on or before that day. Interest on a particular principal amount so advanced shall be determined from the date of the advance of Note proceeds pursuant to a Request for Draw by NoaNet.

A Request for Draw pursuant to the Note, and any Conversion, may be made by an Authorized Officer either orally or in writing at any time prior February 1, 2009. Oral Requests for Draw, and any oral Conversion, shall include requests by telephone, email, fax, telegraph, telex or any other means of communication other than by a writing signed by an Authorized Officer. NoaNet hereby delegates to the Authorized Officers authority to make a written or oral Request for Draw, and to make a written or oral Conversion, pursuant to this resolution.

The Bank shall incur no liability to NoaNet or to any other person in acting upon any oral or written notice or other communication which the Bank believes in good faith to have been given by an official or other person authorized to borrow on behalf of NoaNet, or otherwise acting in good faith in making advances pursuant to this resolution.

Section 3. Prepayment. NoaNet hereby reserves the right to prepay at any time part or all of the Note without penalty, except that if NoaNet prepays the principal of the Note bearing interest at the LIBOR Rate Option prior to the expiration of the applicable LIBOR Interest Rate Period, a prepayment fee shall apply as follows. If outstanding principal amounts are prepaid prior to the last day of the applicable LIBOR Interest Rate Period, whether by voluntary prepayment or otherwise, the prepayment shall be accompanied by the amount of accrued interest on the amount prepaid and a prepayment fee. The prepayment fee shall be in an

amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of the prepayment, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain the credit facility or from fees payable to terminate the deposits from which such funds were obtained. NoaNet shall also pay any customary administrative fees charged by the Bank in connection with the foregoing. For purposes of this paragraph, the Bank shall be deemed to have funded the line of credit by a matching deposit or other borrowing in the applicable interbank market, whether or not the line of credit was in fact so funded.

Section 4. Sale of Note. The Note shall be sold to Bank of America, N.A. on the terms set forth herein and pursuant to the proposal letter of the Bank dated August 1, 2008 (the "Bank Proposal"). The Chief Executive Officer of NoaNet is hereby authorized to approve the Bank Proposal on the terms that such Chief Executive Officer may find in the best interest of NoaNet.

NoaNet agrees to pay to the Bank an initial fee of \$2,000 and to reimburse the Bank for its expenses, including its legal fees, in connection with the line of credit.

Section 5. Application of Proceeds. Proceeds drawn under the Note shall be deposited into the Telecommunications Network Fund of NoaNet (the "Revenue Fund"). Money in the Revenue Fund shall be used to finance capital expenditures related to the Telecommunications Network and to pay costs of issuing the Note.

Section 6. Payment of Note and Note Redemption Fund. There is hereby created a special fund of NoaNet known as the "Note Fund, 2008" (the "Note Fund"), which fund is to be drawn upon for the sole purpose of paying the principal of and interest on the Note.

NoaNet hereby pledges to the Bank the Net Revenue to secure repayment of the Note, subject to the prior payment of principal of and interest on NoaNet's outstanding Telecommunications Network Revenue Bonds, 2001 (Taxable), the NoaNet Note 2003 and the NoaNet Note 2006. The Bank is hereby authorized to file any UCC financing statement deemed necessary by Bank to perfect its security interest in the Net Revenue. NoaNet hereby obligates and binds itself to set aside and pay into the Note Fund out of moneys and investments in the Revenue Fund legally available therefor, and amounts received from assessments pursuant to the Repayment Agreement, amounts sufficient to pay the principal of and interest on the outstanding Note as the same shall become due. The Note shall not constitute a general obligation of NoaNet or any Member of NoaNet nor is the full faith and credit of NoaNet or any Member of NoaNet pledged to the payment of the Note.

NoaNet hereby agrees that it shall bill its Members for their percentage interest of principal and interest on the Note to the extent that NoaNet does not have sufficient funds to pay the Note, after paying or providing for Costs of Operation and Maintenance of NoaNet.

NoaNet may issue obligations or incur indebtedness which shall have a lien and charge either prior to or on a parity with the lien and charge on Net Revenue as the Note with the prior written permission of the Bank. Nothing in this resolution shall preclude NoaNet from issuing

bonds or notes to repay the Note or issuing bonds or notes with a lien on Net Revenue of NoaNet junior to that of the Note or secured by revenues of a separate system of NoaNet.

Section 7. Form of Note. The Note shall be in substantially the following form:

No. 1 \$1,500,000

UNITED STATES OF AMERICA

STATE OF WASHINGTON

NORTHWEST OPEN ACCESS NETWORK NOTE, 2008 (TAXABLE)

Registered Owner: Bank of America, N.A.

The Northwest Open Access Network ("NoaNet"), a Washington nonprofit mutual corporation, acknowledges itself to owe and for value received promises to pay to the Registered Owner not to exceed the principal amount of \$1,500,000 (as defined and set forth in Resolution No. 0085 of NoaNet adopted on August 13, 2008 (the "Note Resolution")), together with interest on the outstanding principal balance hereof from the date money is drawn on the Note, at the rate per annum equal to the Prime Rate Option or the LIBOR Rate Option, each as defined in the Note Resolution. Interest shall accrue from the date money is drawn under this Note (computed on the principal amount outstanding on the basis of a 360-day year and the actual days elapsed) and be payable quarterly beginning November 1, 2008 and at maturity. Principal of this Note shall be paid as set forth in the Note Resolution. This Note matures as set forth in the Note Resolution.

Both principal of and interest on this Note are payable in lawful money of the United States of America by automatic debit, solely out of the special fund of NoaNet known as the "Note Fund, 2008" (the "Note Fund") created by the Note Resolution. Reference is made to the Note Resolution for definitions of defined terms used herein. NoaNet has pledged and bound itself to pay into the Note Fund amounts sufficient to pay the principal of and interest on this Note as the same shall become due solely from the sources described herein.

NoaNet has reserved the right to prepay at any time and from time to time, in part or in whole, the outstanding principal amount of this Note at par without penalty (except as set forth in the Note Resolution).

This Note is issued pursuant to the laws of the State of Washington and a duly adopted resolution of NoaNet.

NoaNet hereby obligates and binds itself to set aside and pay into the Note Fund out of moneys and investments in the Revenue Fund legally available therefor, and amounts received from payments from Members under the Repayment Agreement, money sufficient to pay the principal of and interest on this Note as the same shall become due. This Note shall not constitute a general obligation of NoaNet or any member of NoaNet, nor is the full faith and credit of NoaNet or any Member of NoaNet pledged to the payment of this Note.

NoaNet hereby covenants and agrees with the owner of this Note that it will keep and perform all the covenants of this Note and the Note Resolution to be by it kept and performed.

It is hereby certified and declared that this Note is issued pursuant to and in strict compliance with the laws of the State of Washington and the charter documents of NoaNet, and that all acts, conditions and things required to have happened, been done and performed precedent to and in the issuance hereof, have happened, been done and performed.

IN WITNESS WHEREOF, the Board of Directors of NoaNet has caused this Note to be executed in its name by the President and Secretary of its Board of Directors, and the corporate seal of NoaNet to be impressed hereon, this 13th day of August, 2008.

/s/ manual signature
President, Board of Directors

ATTEST:

/s/ manual signature
Secretary, Board of Directors

CERTIFICATE OF AUTHENTICATION

This Note is the Northwest Open Access Network Note, 2008 (Taxable).

Date of Authentication: 13th day of August, 2008.

Treasurer, Note Registrar

By _____ /s/ manual signature

Section 8. Execution of Note. The Note shall be signed on behalf of NoaNet by the President and Secretary of the Board.

Section 9. Authorization of Issuance and Sale. The appropriate NoaNet officials are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Note and for the proper use and application of the proceeds from the sale thereof. The Note shall not be issued unless all Members have adopted resolutions approving the Repayment Agreement and delivered certified copies thereof to the Bank.

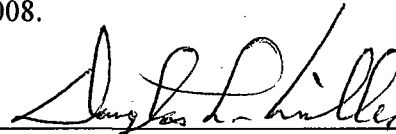
Section 10. Reporting Requirements; Covenants. NoaNet shall submit the following reports to the Bank: (a) audited annual financial statements within 120 days after the end of each fiscal year; (b) unaudited quarterly financial statements within 60 days after the end of each calendar quarter; (c) annual budget no later than January 1 of each year; and (d) such additional information as the Bank may reasonably request.

NoaNet covenants to procure and maintain property and casualty insurance and liability insurance in amounts and with carriers approved by the Bank.

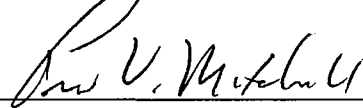
Section 11. Default. NoaNet shall be in default under the Note if it violates any covenant of this resolution or fails to make any payment under the Note when due; *provided*, that no payment default shall be deemed to occur until Bank has given written notice to NoaNet of its failure to make such payment and 10 calendar days have passed, and no other default shall be deemed to occur until the Bank has given written notice to NoaNet of its failure to comply with a covenant and 60 calendar days have passed.

Section 12. Effective Date. This resolution shall be in full force and effective from and after its adoption and approval.

Approved and adopted by the Board of Directors of the Northwest Open Access Network at a meeting thereof this 13th day of August, 2008.

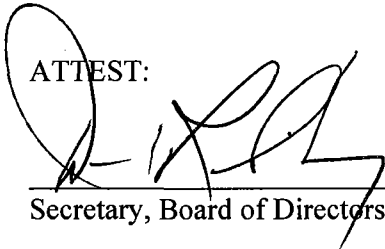


President, Board of Directors



Vice President, Board of Directors

ATTEST:



Secretary, Board of Directors


CERTIFICATE

I, Secretary of the Board of Directors of the Northwest Open Access Network ("NoaNet"), do hereby certify:

1. That the attached resolution numbered 0085 (the "Resolution") is a true and correct copy of a resolution of NoaNet, as finally adopted at a meeting of the Board of Directors held on the 13th day of August, 2008, and duly recorded in my office.

2. That the meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given or waived; that a quorum of the Board was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the passage of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

Dated this 13th day of August, 2008.


Secretary, Board of Directors

[Seal]

