

RESOLUTION NO. 1543

A RESOLUTION of Public Utility District No. 1 of Okanogan County, Washington, amending Resolution No. 1510 to extend the term and change the interest rate on the District's Electric System Revenue Anticipation Note, 2010.

WHEREAS, Public Utility District No. 1 of Okanogan County, Washington (the "District") owns and operates an electric utility system for the generation, transmission and distribution of electric energy and telecommunications (the "Electric System"); and

WHEREAS, RCW 54.16.070 provides that a public utility district may contract indebtedness or borrow money for any corporate purpose on its credit or on the revenues of its public utilities; and

WHEREAS, the Board of Commissioners of the District adopted Resolution No. 1510, establishing a revolving line of credit in the aggregate principal amount of not to exceed \$10,000,000 for the purpose of providing interim financing for the costs of maintenance and operation of the Electric System and other expenses of the District; and

WHEREAS, the District issued its Electric System Revenue Anticipation Note, 2010 (the "Note") to Bank of America, N.A. (the "Bank") to evidence the line of credit; and

WHEREAS, it is in the best interest of the District to extend the term and change the interest rate of the Note, all pursuant to the proposal of the Bank dated July 30, 2012 (the "Proposal");

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

Section 1. Extension of Term. The maturity of the Note shall be extended from August 20, 2012 to September 1, 2014.

Section 2. Changes to Interest Rate and Tax Status. Pursuant to the Proposal, the Note shall bear interest as provided in Resolution No. 1510 through August 20, 2012. Effective August 20, 2012, the "Tax-Exempt Interest Rate Mode" will no longer be available to the District, and all amounts drawn on the Note will be subject to the "Taxable Interest Rate Mode."

Since all amounts drawn on the Note will be taxable, Section 14 of Resolution No. 1510 regarding tax consequences of the Note is deleted. All other provisions of Resolution No. 1510 shall remain unchanged.

Section 3. Expenses. The District agrees to (a) pay the Bank a renewal fee of \$5,000, (b) pay Bank's counsel fees in an amount not to exceed \$900, and (c) continue to pay to the Bank quarterly in arrears, on each March 1, June 1, September 1, and December 1, and on the Maturity

Date or such earlier date as the full amount of the Bank's \$10,000,000 commitment has been advanced, a fee for the unused portion of the Bank's commitment, which fee shall equal 0.35% per annum and calculated on the difference between \$10,000,000 and the average Outstanding Principal Balance of the Note for the preceding quarterly period.

Section 4. General Authorization. The District's Manager, Director of Finance, Treasurer, Auditor and other appropriate officers of the District are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this Resolution. All acts taken pursuant to the authority of this Resolution but prior to its effective date are hereby ratified.

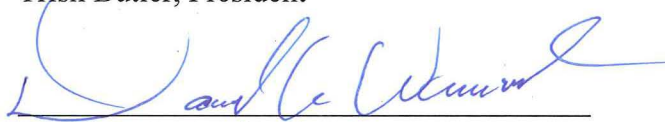
Section 5. Effective Date. This Resolution shall take effect immediately after its adoption.

ADOPTED AND APPROVED by the Board of Commissioners of Public Utility District No. 1 of Okanogan County, Washington, at a meeting this 14th day of August, 2012.

PUBLIC UTILITY DISTRICT NO. 1 OF
OKANOGAN COUNTY, WASHINGTON

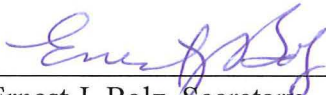


Trish Butler, President



David A. Womack, Vice President

ATTEST:



Ernest J. Bolz, Secretary

APPROVED AS TO FORM:



Michael D. Howe, General Counsel

EXHIBIT A
PROPOSAL OF THE BANK



Bank of America, N.A.
Government Banking
OR1-129-17-15
121 SW Morrison Street
Suite 1700
Portland, OR 97204-3117

Douglas Bowsby
Senior Vice President
Tel 503.795.6459
Fax 206.585.9223
douglas.b.bowsby@baml.com

July 30, 2012

Don Coppock
Director of Finance/Auditor
Public Utility District No 1 of Okanogan County
PO Box 912
1331 2nd Ave North
Okanogan, WA 98840

Re: \$10,000,000 Revenue Anticipation Note Line of Credit

Dear Don:

We enclose a term sheet outlining the proposed terms under which Bank of America, N.A. ("Bank") may extend credit to Public Utility District No. 1 of Okanogan County, Washington. This term sheet is not a commitment to lend by Bank.

Please call either me at 503-795-6459, or Alex Johnston at 206-358-8938, to discuss this proposal. We look forward to working with you.

Very truly yours,

BANK OF AMERICA, N.A.

A handwritten signature in black ink that reads "Doug Bowsby".

Douglas Bowsby
Senior Vice President

Cc: John Grubich, Okanogan County PUD
Alex Johnston, Bank of America
Merlean Locke, Bank of America

TERM SHEET PROPOSAL
PUBLIC UTILITY DISTRICT NO. 1 OF OKANOGAN COUNTY, WASHINGTON
July 30, 2012

This Term Sheet Proposal is presented for discussion purposes only. It is not a commitment to lend by Bank of America or any of its affiliates. Bank of America may withdraw or amend it at any time in its sole discretion. If Bank of America does extend a loan commitment, the actual terms and conditions (including pricing and financial covenants) will be subject to completion of due diligence, Bank of America's credit and documentation standards, necessary credit approval, market conditions and other considerations determined by Bank of America in its sole discretion.

- BORROWER:** Public Utility District No. 1 of Okanogan County, Washington (the "Borrower").
- LENDER:** Bank of America, N.A. ("Bank of America").
- CREDIT FACILITY:** Renewal of 2010 Electric System Revenue Anticipation Note in the form of a revolving line of credit facility (the "Credit Facility") in the unchanged amount of \$10,000,000. Taxable advances will be available.
- PURPOSE:** The proceeds of the Credit Facility shall be used for costs of maintenance and operation of Borrower's Electric System, and for costs of issuance and financing.
- INTEREST RATE:** Tax-Exempt Bank of America Prime Rate and Tax-Exempt LIBOR Fixed Rate interest rate options will be deleted.
- Taxable Bank of America Prime: A rate per year equal to Bank of America's Prime Rate minus 0.75% (unchanged) and Taxable LIBOR Fixed Rate of LIBOR plus 1.75% (unchanged) will remain.
- RENEWAL FEE:** \$5,000, payable at closing.
- UNUSED COMMITMENT FEE:** No change (0.35% per annum).
- REPAYMENT/MATURITY:** The Credit Facility shall be repaid in quarterly payments of accrued interest, with the entire outstanding principal balance payable at Maturity on September 1, 2014.
- LEGAL OPINION:** Borrower to provide a legal opinion of nationally recognized bond counsel, in form and substance acceptable to Bank and its legal counsel, that the resolution and all documents related to renewal of the Credit Facility have been properly adopted, authorized and executed.
- OTHER TERMS AND CONDITIONS** All other terms and conditions remain unchanged.
- EXPENSES:** Borrower will pay all reasonable costs and expenses associated with the preparation, due diligence, administration and enforcement of all documentation executed in connection with the Credit Facility, including Bank of America's attorneys' fees. Bank of America's attorneys' fees for initial review and approval of documentation are subject to a cap of \$900.

This Term Sheet Proposal contains confidential and proprietary loan structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the credit facilities contained in this Term Sheet Proposal or as may be required by law, the contents of the Term Sheet Proposal may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed credit facilities.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

CERTIFICATE

I, the undersigned, Secretary of the Board of Commissioners of the Public Utility District No. 1 of Okanogan County, Washington, and keeper of the records of the Commission (herein called the "Commission"), DO HEREBY CERTIFY:

1. That the attached is a true and correct copy of Resolution No. 1543 of the Commission, duly adopted at a meeting thereof held on August 14, 2012.

2. That said 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; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the passage of the resolution; that all other requirements and proceedings incident to the proper passage of the resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

Dated this 14th day of August, 2012.



Ernest J. Bolz, Secretary