

RESOLUTION NUMBER 5973

A RESOLUTION CREATING A PLAN OF REFINANCING FOR THE ACQUISITION AND CONSTRUCTION OF AND CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO AND RENEWALS, REPLACEMENTS AND EXTENSIONS OF THE DISTRICT'S ELECTRIC SYSTEM; AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$57,000,000 AGGREGATE PRINCIPAL AMOUNT OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES 2020 IN ONE OR MORE SERIES; PROVIDING FOR THE TERMS OF THE 2020 BONDS; APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AGREEMENTS; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO

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RESOLUTION NO. 5973

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WHEREAS, Public Utility District No. 1 of Snohomish County, Washington (the "District") is authorized by Sections 54.16.020 and 54.16.040 of the Revised Code of Washington (the "RCW") to construct, purchase, acquire, lease, maintain and operate plants, facilities and systems for generating electric energy by water power, steam or other methods; and

WHEREAS, the Commission, by Part III of Resolution No. 3602 adopted by the Commission of the District on May 16, 1991 (as heretofore amended and supplemented, the "Master Resolution"), authorized bonds of the District to be issued in series and known as the Public Utility District No. 1 of Snohomish County, Washington, Electric System Revenue Bonds (the "Bonds"); and

WHEREAS, pursuant to the Master Resolution, as supplemented and amended, including as supplemented by Resolution No. 5558, adopted on October 18, 2011, the District issued its Electric System Revenue Refunding Bonds, Series 2011 (the "2011 Bonds"), currently outstanding in the aggregate principal amount of \$26,980,000; and

WHEREAS, pursuant to the Master Resolution, as supplemented and amended, including as supplemented by Resolution No. 5604, adopted on October 15, 2012, the District issued its Electric System Revenue Refunding Bonds, Series 2012 (the "2012 Bonds"), currently outstanding in the aggregate principal amount of \$41,495,000; and

WHEREAS, the District now desires to issue its Electric System Revenue Refunding Bonds, Series 2020, on a tax-exempt or taxable basis, in one or more series (as further defined herein, the "2020 Bonds") for the purposes of (i) refunding all or a portion of the outstanding 2011 Bonds and 2012 Bonds, (ii) funding a deposit to the Reserve Account for the 2020 Bonds, if necessary, and (iii) paying costs of issuing the 2020 Bonds; and

WHEREAS, the 2020 Bonds will be issued and secured under the Master Resolution as supplemented by this Tenth Supplemental Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY, WASHINGTON, AS FOLLOWS:

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Supplemental Resolution. This Tenth Supplemental Resolution is supplemental to Resolution Nos. 3602, 3603, 4862, 5077, 5156, 5227, 5497, 5503, 5505, 5558, 5604 and 5720 and is adopted in accordance with Article IX and Article XVI of the Master Resolution (as defined herein).

Section 1.02. Definitions.

(a) All terms that are defined in Section 8.1 of the Master Resolution shall have the same meanings in this Tenth Supplemental Resolution as such terms are given in said Section 8.1 of the Master Resolution, as amended and supplemented hereby and heretofore.

(b) In this Tenth Supplemental Resolution:

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

“Authorized Officer” means the President or the Vice President of the Commission or the General Manager or the Treasurer of the District.

“Beneficial Owner” means any person for whom a Participant acquires an interest in 2020 Bonds.

“Bondowner” or “owner of a Bond” means any person who shall be the registered owner of any 2020 Bond.

“Business Day” means any day other than a Saturday, a Sunday or any other day on which banks located in the cities in which the principal offices of the Registrar or the District are located are authorized or required to remain closed.

“Cede” means Cede & Co., as nominee of DTC, and, subject to the transfer provisions hereof, any other nominee designated by DTC.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Date of Issuance” means the date of original issuance and delivery of the 2020 Bonds.

“DTC” means The Depository Trust Company, New York, New York, as depository for the 2020 Bonds, or any successor or substitute depository for the 2020 Bonds.

“Escrow Agreement” means one or more Escrow Agreements, if any, to be dated as of the Date of Issuance of the 2020 Bonds, between the District and U.S. Bank National Association, as Escrow Agent, relating to one or more series of the Refunded Bonds.

“Interest Payment Date” means each June 1 and December 1, commencing December 1, 2020.

“Letter of Representations” means the Blanket Letter of Representations from the District to DTC.

“Master Resolution” means Resolution No. 3602 of the District adopted by the Commission on May 16, 1991, as heretofore amended and supplemented.

“MSRB” means the Municipal Securities Rulemaking Board or any successor to its functions.

“Participant” means any direct or indirect participant of DTC.

“Record Date” means the 15th day of the month immediately preceding each Interest Payment Date.

“Refunded Bonds” means the District’s outstanding 2011 Bonds and 2012 Bonds, if any, specified as such in the 2020 Delivery Certificate.

“Registrar” means U.S. Bank National Association, its assigns and successors, which shall also act as the Trustee and the Paying Agent for the 2020 Bonds.

“Resolution” means the Master Resolution, as supplemented by this Tenth Supplemental Resolution.

“Rule” means Rule 15c2-12(b)(5) adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Tax Certificate” means the certificate delivered by the District regarding compliance with applicable provisions of the Code in connection with the issuance of the 2020 Bonds issued on a tax-exempt basis.

“Tenth Supplemental Resolution” means this Resolution No. _____, adopted by the District’s Commission on September 15, 2020, and any amendments, modifications or supplements hereto.

“2020 Bonds” means the District’s Electric System Revenue Refunding Bonds, Series 2020, to be issued in one or more series pursuant to the Master Resolution and this Tenth Supplemental Resolution.

“2020 Delivery Certificate” means a written certificate of the District executed by an Authorized Officer and delivered at the time of issuance of the 2020 Bonds and/or a resolution of the Commission adopted by the Commission prior to or at the time of issuance of the 2020 Bonds setting forth certain terms with respect to the 2020 Bonds as provided in this Tenth Supplemental Resolution.

“2020 Reserve Requirement” means the Reserve Account Requirement for the 2020 Bonds.

Section 1.03. Compliance with the Master Resolution. The Commission hereby finds that this Tenth Supplemental Resolution contains the provisions required by Sections 9.2, 9.5 and 12.3(a)(iii) of the Master Resolution. All of the conditions required by Sections 9.2, 9.5 and 9.3 or 9.4, as applicable, of the Master Resolution for the 2020 Bonds to be issued on a parity with the Outstanding Bonds have been met or will be met by the Date of Issuance.

Section 1.04. Due Regard. The Commission hereby finds that due regard has been given to the cost of the operation and maintenance of the Electric System and that it has not obligated the District to set aside into the Bond Fund for the account of the 2020 Bonds a greater amount of the revenues and proceeds of the Electric System than, in its judgment, will be available over and above such cost of maintenance and operation.

Section 1.05. Plan and System. The District hereby specifies and adopts a plan and system for refunding the Refunded Bonds.

In connection with the foregoing plan and system, the District will apply proceeds of the 2020 Bonds to refund the Refunded Bonds in accordance with the provisions hereof, the Escrow Agreement, if any, and the 2020 Delivery Certificate.

The District may amend and modify details of the plan and system when deemed necessary or advisable in the judgment of the Commission without amending this Tenth Supplemental Resolution. Should any part or portion of the 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 1.06. 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 1.05;
- (b) the implementation of the plan and system described in Section 1.05 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 and its Electric System.

Section 1.07. Cost of Plan and System. The cost of the plan and system herein specified and adopted for the refinancing of the acquisition and construction of and certain additions, betterments, and improvements to and renewals, replacements, and extensions of the Electric 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 \$57,000,000.

Section 1.08. Authority for this Tenth Supplemental Resolution. This Tenth Supplemental Resolution is adopted pursuant to the provisions of the laws of the State of Washington and the Master Resolution.

ARTICLE II

AUTHORIZATION OF 2020 BONDS

Section 2.01. Authorization of the 2020 Bonds. Pursuant to the provisions of the Master Resolution, another series of Bonds of the Electric System entitled to the benefit, protection and security of such provisions is hereby authorized and shall be distinguished from the Bonds of all other series by the title, “Electric System Revenue Refunding Bonds, Series 2020” (the “2020 Bonds”). The 2020 Bonds shall be issued in the aggregate principal amount of up to \$57,000,000, and shall be sold by negotiated sale. Notwithstanding the foregoing, the issuance of the 2020 Bonds authorized to be issued under this Tenth Supplemental Resolution shall be at the option of the District (subject to the Bond Purchase Contract referred to in Section 5.01 below), and the District shall confirm the issuance of such 2020 Bonds and the terms thereof in the 2020 Delivery Certificate. The Authorized Officers (as defined herein) may, in consultation with the District’s investment bankers, municipal advisors, general counsel and Bond Counsel, establish one or more additional series of 2020 Bonds, provided that the aggregate principal amount of all series of 2020 Bonds issued pursuant to this Tenth 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 2020 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 an Authorized Officer specifying (A) the series designation and principal amounts of the 2020 Bonds to be issued, (B) the dated date 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 2020 Reserve Requirement, if different from the amount specified in this Tenth Supplemental Resolution, (E) direction as to the deposit of the proceeds of the sale of the 2020 Bonds to be issued, including the amount, if any, deposited in the Reserve Account, (F) the optional redemption provisions and mandatory sinking fund redemption

provisions of the 2020 Bonds to be issued and (G) any other additions or changes to this Tenth Supplemental Resolution and such other matters as may be deemed necessary or desirable in the opinion of the Authorized Officer executing the 2020 Delivery Certificate, after consultation with General Counsel to the District, to effect the issuance of the 2020 Bonds and further the purposes of this Tenth Supplemental Resolution;

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

(c) A certified copy of the Master Resolution and this Tenth Supplemental Resolution.

Section 2.03. Terms of the 2020 Bonds. The 2020 Bonds shall be issued in the form of fully registered bonds only, shall be dated and shall bear interest from the Date of Issuance, and shall mature on the dates and bear interest on the unpaid principal amount thereof at the rates set forth in the 2020 Delivery Certificate. The true interest cost on the 2020 Bonds shall not exceed four percent (4.00%) per annum. The final maturity date for the 2020 Bonds shall not be later than December 1, 2050. Interest shall be computed on the basis of a 360-day year consisting of twelve (12) 30-day months.

Section 2.04. Registration, Exchange and Payments.

(a) Registrar/Bond of Registry. The Registrar shall keep, or cause to be kept, at its principal corporate trust office, the Bond Register for the 2020 Bonds, which shall be open to inspection by the District. The Registrar is authorized, on behalf of the District, to authenticate and deliver 2020 Bonds transferred or exchanged in accordance with the provisions of such 2020 Bonds and this Tenth Supplemental Resolution and to carry out all of the Registrar's powers and duties under this Tenth Supplemental Resolution.

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

(c) 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 that, 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 Section 12.4 of the Master Resolution, such 2020 Bond shall then cease to bear interest.

(d) Registered Ownership. The District and the Registrar may deem and treat the Bondowner of each 2020 Bond as the absolute owner for all purposes, and neither the District nor the Registrar shall be affected by any notice to the contrary. Payment of any such 2020 Bond shall be made only as described in Section 2.04(b) hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 2.04(b) shall be valid and shall satisfy the liability of the District upon such 2020 Bond to the extent of the amount or amounts so paid.

(e) Book-Entry System. Except as provided in subparagraph (d) of this Section 2.04, all of the 2020 Bonds shall be registered in the name of Cede. So long as Cede is the Bondowner, payment of semi-annual interest for any 2020 Bond shall be made by transfer of same day funds to the account of Cede on the Interest Payment Date for the 2020 Bonds at the address indicated for Cede in the Bond Register kept by the Registrar.

The 2020 Bonds shall be initially issued in the form of a single fully registered bond for each series, maturity and interest rate. Upon initial issuance, the ownership of such 2020 Bonds shall be registered in the Bond Register kept by the Registrar in the name of Cede, as nominee of DTC. With respect to 2020 Bonds registered in the Bond Register kept by the Registrar in the name of Cede, as nominee of DTC, the District and the Registrar shall have no responsibility or obligation to any Participant or to any Beneficial Owner. Without limiting the immediately preceding sentence, the District and the Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any Participant with respect to any ownership interest in the 2020 Bonds, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the 2020 Bonds, including any notice of redemption, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than DTC, of any amount with respect to the principal of, premium, if any, or interest on the 2020 Bonds. With respect to 2020 Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the District and the Registrar may treat as and deem DTC to be the absolute owner of each 2020 Bond for the purpose of payment of the principal of, premium, if any, and interest on such 2020 Bonds, for the purpose of giving notices of redemption and other matters with respect to such 2020 Bonds, for the purpose of registering transfers with respect to such 2020 Bonds, and for all other purposes whatsoever. The Registrar shall pay all principal of and premium, if any, and interest on such 2020 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the principal of, and premium, if any, and interest on the 2020 Bonds to the extent of the sum or sums so paid. Payments of principal may be made without requiring the surrender of such 2020 Bonds, and the District and the Registrar shall not be liable for the failure of DTC or any successor thereto to indicate properly on the 2020 Bonds the payment of such principal. No person other than DTC shall receive any such 2020 Bond evidencing the obligation of the District to make payments of principal of, premium, if any, and interest on such 2020 Bonds pursuant to this Tenth Supplemental Resolution. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to

substitute a new nominee in place of Cede, and subject to the transfer provisions hereof, the word “Cede” in this Tenth Supplemental Resolution shall refer to such new nominee of DTC.

(f) (i) DTC may determine to discontinue providing its services with respect to the 2020 Bonds at any time by giving written notice to the District and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), certificates representing the 2020 Bonds will be delivered as described in this Tenth Supplemental Resolution.

(ii) The District, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 2020 Bonds if the District determines that: (a) DTC is unable to discharge its responsibilities with respect to the 2020 Bonds, or (b) a continuation of the requirement that all of the Outstanding 2020 Bonds be registered in the Bond Register in the name of Cede, as nominee of DTC, is not in the best interest of the District or the Beneficial Owners of the 2020 Bonds. In the event that no securities depository is found by the District or restricted registration is no longer in effect, certificates representing the 2020 Bonds will be delivered as described in the Resolution.

(iii) Upon the termination of the services of DTC with respect to the 2020 Bonds pursuant to subsection (f)(ii)(b) hereof, or upon the discontinuance or termination of the services of DTC with respect to the 2020 Bonds pursuant to subsection (f)(i) or subsection (f)(ii)(a) hereof and for which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the District, is willing and able to undertake such functions upon reasonable and customary terms, the 2020 Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede as nominee of DTC, but may be registered in whatever name or names Bondowners transferring or exchanging 2020 Bonds shall designate, in accordance with the provisions of the Resolution.

(g) Notwithstanding any other provision of this Tenth Supplemental Resolution to the contrary, so long as any 2020 Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the 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, to DTC as provided in the Letter of Representations, heretofore executed.

(h) In connection with any notice or other communication to be provided to Bondowners of the 2020 Bonds pursuant to the Resolution with respect to any consent or other action to be taken by the Bondowners of the 2020 Bonds, the District or the Registrar, as the case may be, shall establish a consent date for such consent or other action and give DTC notice of such date not less than 15 calendar days in advance of such date to the extent possible.

Section 2.05. Form of 2020 Bonds. The 2020 Bonds shall be in substantially the form set forth in Section 17.1 of the Master Resolution.

Section 2.06. Appointment of Registrar. U.S. Bank National Association is hereby appointed as Trustee, Registrar and Paying Agent for the 2020 Bonds.

ARTICLE III

REDEMPTION PROVISIONS FOR THE 2020 BONDS

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. Partial Redemption of the 2020 Bonds. Unless otherwise provided in the 2020 Delivery Certificate, if less than all of the 2020 Bonds of a series shall be called for redemption under Section 3.01 of this Tenth Supplemental Resolution, they shall be redeemed from such maturities in such order as shall be selected by the District, and by lot within any maturity subject to selection by the Registrar or DTC (with respect to its participants), in such manner as the Registrar or DTC (with respect to its participants) in its discretion may deem proper, in the principal amount designated to the Registrar by the District or otherwise as required by this Tenth Supplemental Resolution. The portion of any 2020 Bond to be redeemed shall be an Authorized Denomination, and in selecting 2020 Bonds for redemption, each 2020 Bond shall be considered as representing that number of 2020 Bonds that is obtained by dividing the principal amount of such 2020 Bond by the minimum Authorized Denomination thereof. If for any reason the principal amount of 2020 Bonds called for redemption would result in a redemption of 2020 Bonds in an amount that is less than an Authorized Denomination, the Registrar, to the extent possible within the principal amount of 2020 Bonds to be redeemed, is hereby authorized to adjust the selection of 2020 Bonds of the same maturities for such purpose to minimize any such redemption. Notwithstanding the foregoing, while the 2020 Bonds are held by DTC as book-entry bonds, if fewer than all of the 2020 Bonds of a series and maturity are called for redemption, the selection of the 2020 Bonds within such maturity to be redeemed shall be made by DTC in accordance with its operational procedures as then in effect.

If it is determined that a portion of the principal amount represented by any such 2020 Bond is to be called for redemption, then, upon notice of intention to redeem such portion, the Bondowner of such 2020 Bond shall surrender such 2020 Bond to the Registrar for (i) payment to such Bondowner of the redemption price of the portion of principal amount called for redemption and (ii) delivery to such Bondowner of a new 2020 Bond or 2020 Bonds at the option of the Bondowner in the aggregate principal amount of the unredeemed balance of the principal amount of such 2020 Bond. New 2020 Bonds representing the unredeemed balance of the principal amount of such 2020 Bond shall be issued to the Bondowner thereof in accordance with Section 11.4 of the Master Resolution. If the Bondowner of any such 2020 Bond shall fail to present such 2020 Bond to the Registrar for payment and exchange as aforesaid, such 2020 Bond nevertheless shall become due and payable on the date fixed for redemption to the extent of the portion of the principal amount called for redemption (and to that extent only) as provided herein.

Section 3.04. Notice of Redemption of the 2020 Bonds.

(a) Written notice of any redemption of 2020 Bonds shall be given by the Registrar on behalf of the District by first class mail, postage prepaid, not less than 20 days nor more than 60 days before the date fixed for redemption to the registered owners of 2020 Bonds that are to be redeemed at their last addresses shown on the Bond Register. So long as the 2020 Bonds are held in book-entry form, notice of redemption shall be given as provided in the Letter of Representations. The Registrar shall provide additional notice of redemption to the MSRB at least 20 days prior to the date fixed for redemption.

The requirements of this Section shall be deemed complied with when notice is mailed, whether or not it is actually received by the Bondowner.

Each notice of redemption shall contain the following information: (i) the date fixed for redemption, (ii) the redemption price, (iii) if less than all Outstanding 2020 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the 2020 Bonds to be redeemed, (iv) that on the date fixed for redemption the redemption price will become due and payable upon each 2020 Bond or portion called for redemption, and that interest shall cease to accrue from the date fixed for redemption, (v) that the 2020 Bonds are to be surrendered for payment at the principal office of the Registrar, (vi) the CUSIP numbers of all 2020 Bonds being redeemed, (vii) the dated date, series designation and stated maturity date of the 2020 Bonds being redeemed, (viii) the date of the notice, (ix) if the redemption is a Conditional Redemption, explain the conditional nature of the optional redemption, and (x) any other information needed to identify the 2020 Bonds being redeemed.

In the case of an optional redemption under Section 3.01, the notice and the notice to Bondowners may state (1) that redemption is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Registrar no later than the date fixed for redemption and/or (2) that the District retains the right to rescind such notice on or prior to the date fixed for redemption (in either case, a "Conditional Redemption") and that such notice shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in subsection (c) of this Section.

If notice is given as stated in this subsection, failure of any Bondowner 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 2020 Bonds.

The foregoing notice provisions of this Section, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

(b) On or before the date fixed for redemption, unless the conditions to a Conditional Redemption are not satisfied and subject to the provisions of subsections (a) and (c) of this section, money shall be deposited with the Registrar to pay the principal of, premium, if

any, and interest accrued to the date fixed for redemption on the 2020 Bonds called for redemption.

(c) Any Conditional Redemption notice, subject to the requirements of subsection (a), may be rescinded in whole or in part at any time on or prior to the date fixed for such optional redemption if the District delivers a certificate to the Registrar instructing the Registrar to rescind the redemption notice. The Registrar shall give prompt notice of such rescission to the affected Bondowners. Any 2020 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the District to make funds available in part or in whole on or before the date fixed for redemption shall not constitute an Event of Default, and the Registrar shall give prompt notice to DTC or the affected Bondowners that the redemption did not occur and that the 2020 Bonds called for redemption and not so paid remain Outstanding.

Section 3.05. Effect of Redemption of Bonds. Notice of redemption having been duly given as aforesaid, the 2020 Bonds or portions thereof so called for redemption (unless, in the case of Conditional Redemption, such notice is rescinded or any condition to redemption is not satisfied), shall become due and payable, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the 2020 Bonds (or portions thereof) so called for redemption being held by the Registrar on the date fixed for redemption designated in such notice, interest on the 2020 Bonds so called for redemption shall cease to accrue and said 2020 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Resolution (except for payment of particular 2020 Bonds for which moneys are being held by the Registrar and which money shall be pledged to such payment), and the owners of said 2020 Bonds shall have no rights in respect thereof except to receive payment of said principal, premium, if any, and interest accrued to the date fixed for redemption.

Upon the payment of the redemption price of 2020 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by maturity and interest rate, the 2020 Bonds being redeemed with the proceeds of such check or other transfer.

Section 3.06. Purchase at Any Time. The District reserves the right to purchase any of the 2020 Bonds, at public or private sale, at any price deemed reasonable by the District at any time.

ARTICLE IV

APPLICATION OF PROCEEDS OF THE 2020 BONDS; 2020 RESERVE REQUIREMENT; ESTABLISHMENT OF FUNDS AND ACCOUNTS

Section 4.01. Application of Proceeds of the 2020 Bonds. The proceeds of the sale of the 2020 Bonds shall be deposited as required by Sections 9.4, 9.8 and 12.4 of the Master Resolution and shall be applied as provided in the 2020 Delivery Certificate.

Section 4.02. 2020 Reserve Requirement. The 2020 Bonds shall be secured by the Reserve Account. The 2020 Reserve Requirement shall be as set forth in the 2020 Delivery Certificate.

Section 4.03. Tax Covenants. If any 2020 Bonds are issued on a tax-exempt basis, the District covenants to undertake all actions required to maintain the tax-exempt status of interest on such 2020 Bonds issued on a tax-exempt basis under Section 103 and Sections 141 through 150 of the Code as set forth in the Tax Certificate.

Section 4.04. Establishment of Funds and Accounts.

(a) Establishment and Application of 2020 Rebate Account. If any 2020 Bonds are issued on a tax-exempt basis, to ensure proper compliance with the tax covenants contained in Section 4.03 of this Tenth Supplemental Resolution and with the covenants contained in the Tax Certificate, the District shall establish and shall maintain within the Bond Fund an account separate from any other fund or account established and maintained under the Resolution to be known as the “Public Utility District No. 1 of Snohomish County, Washington Electric System Revenue Refunding Bonds, 2020 Rebate Account” (the “2020 Rebate Account”). All money at any time deposited in the 2020 Rebate Account in accordance with the provisions of the 2020 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 2020 Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the 2020 Rebate Account shall be governed by the Resolution and by the 2020 Tax Certificate. The Treasurer shall invest all amounts held in the 2020 Rebate Account in accordance with the Resolution and the 2020 Tax Certificate. Money shall not be transferred from the 2020 Rebate Account except in accordance with the Resolution and the 2020 Tax Certificate. The 2020 Rebate Account and the amounts on deposit therein shall not be subject to the pledge of Section 9.1(c) of the Resolution for the benefit of the owners of the 2020 Bonds

(b) Establishment of 2020 Costs of Issuance Fund. There is hereby created a special fund of the District to be known as the “Public Utility District No. 1 of Snohomish County, Washington, Electric System Revenue Refunding Bonds, Series 2020 Costs of Issuance Fund” (the “2020 Costs of Issuance Fund”) to be held by the Trustee. All amounts on deposit in the 2020 Costs of Issuance Fund shall be applied to pay costs of issuing the 2020 Bonds, except, if any 2020 Bonds are issued on a tax-exempt basis, as provided in the Tax Certificate.

ARTICLE V

SALE OF 2020 BONDS; APPROVAL OF DOCUMENTS

Section 5.01. Approval of Bond Purchase Contract. The contract between the District and Citigroup Global Markets Inc., acting on its own behalf and on behalf of Barclays Capital Inc. (collectively, the “Underwriters”), for the purchase of the 2020 Bonds (the “Bond 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 of the Commission (the “Secretary”), and the Authorized Officers, each acting singly, shall be and each of them is hereby authorized,

empowered and directed to execute and deliver the Bond 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 General 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 Underwriters pursuant to the Bond 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 Underwriters' discount not to exceed 0.5% of the aggregate principal amount of the 2020 Bonds.

Section 5.02. Approval of the Preliminary Official Statement and the Official Statement.

(a) Preliminary Official Statement. The preliminary official statement with respect to 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 Underwriters 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 General Counsel, by one or more Authorized Officers, such approval to be evidenced conclusively by the delivery of the Preliminary Official Statement to the Underwriters, as so added to or changed. The Underwriters are 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 as of its date for purposes of the Rule, such action to be conclusively evidenced by delivery of the Preliminary Official Statement to the Underwriters.

(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 upon consultation with General Counsel, such approval to be evidenced conclusively by his or her execution thereof, as so added to or changed. The Underwriters are 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 Tenth Supplemental Resolution as shall be necessary or desirable and consistent with the intents and purposes hereof, upon consultation with General Counsel.

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 General Counsel.

Section 5.05. Approval of Form of Escrow Agreement. The Escrow Agreement, in substantially the form presented to and considered at this meeting and which is on file with the Secretary, shall be and hereby is approved, and the Authorized Officers, each acting singly, shall be and each of them is hereby authorized and empowered to execute and deliver the Escrow Agreement with such changes therein 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.

Section 5.06. Redemption of the Refunded Bonds. The Authorized Officers, each acting singly, shall be and each of them is hereby authorized and empowered to determine whether to redeem all or a portion of the Refunded Bonds, to execute and deliver such documents, certificates, consents or notices as are necessary or desirable in order to effect the redemption of each such series.

ARTICLE VI

MISCELLANEOUS

Section 6.01. 2020 Bonds Subject to Resolution. Except as expressly provided in this Tenth Supplemental Resolution, every term and condition contained in the Master Resolution shall apply to this Tenth 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 Tenth Supplemental Resolution.

Section 6.02. Severability of Invalid Provisions. If any one or more of the provisions contained in this Tenth 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 Tenth Supplemental Resolution, such invalidity, illegality or unenforceability shall not affect any other provision of this Tenth Supplemental Resolution, and this Tenth Supplemental Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 6.03. Tenth Supplemental Resolution as Contract. In consideration of the acceptance of the 2020 Bonds by the Owners thereof, the provisions of this Tenth 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 Resolution.

Section 6.04. Holidays. If the last day of any period of grace, or the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Tenth Supplemental Resolution, is not a Business Day, the last day of such period of grace shall be deemed to be, and such payment may be made or act performed or right exercised, with the same force and effect as if done on the nominal date provided in this Tenth Supplemental Resolution, on, the next succeeding Business Day, and no interest shall accrue for the period after such nominal date.

Section 6.05. 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 Tenth 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 Tenth Supplemental Resolution but prior to its effective date are hereby ratified, confirmed and approved.

Section 6.06. Effective Date. This Tenth Supplemental Resolution shall become effective upon its adoption.

Adopted by the Commission of Public Utility District No. 1 of Snohomish County, Washington this 15th day of September 2020.

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY



President



Vice President



Secretary