

RESOLUTION NO. 1514

A RESOLUTION OF PUBLIC UTILITY DISTRICT NO. 1 OF
PEND OREILLE COUNTY, WASHINGTON, ESTABLISHING AN
INTERFUND LOAN POLICY AND AUTHORIZING INTERFUND
LOANS AMONG THE ELECTRIC SYSTEM AND THE
COMMUNITY NETWORK SYSTEM

WHEREAS, Public Utility District No. 1 of Pend Oreille County (the “District”) operates electric, production, water, and Community Network System (“CNS”) divisions, and maintains separate funds and accounts as required by law, financing documents, grant conditions, and sound utility accounting practices;

WHEREAS, RCW 54.16.085 expressly authorizes a public utility district to make and repay interfund loans between its funds;

WHEREAS, RCW 43.09.210 requires separate accounts for each fund, department, undertaking, and public service industry and requires services rendered or property transferred between them to be paid for at true and full value;

WHEREAS, the District has been selected to receive funding under the Broadband Equity, Access, and Deployment (“BEAD”) Program administered by the Washington State Broadband Office within the Washington State Department of Commerce (“WSBO”);

WHEREAS, the WSBO BEAD Grant Handbook and the District’s BEAD agreement require a government-owned network that uses inter-departmental or inter-utility loans to establish an internal policy that includes interest-rate and repayment terms and to disclose the terms and conditions of loans used to fund a BEAD-supported network;

WHEREAS, BEAD assistance is generally provided on a reimbursement basis, and temporary interfund loans from the District’s electric system to the CNS may therefore be prudent to pay eligible project costs pending reimbursement, to provide required matching funds, or to address other lawful cash-flow or capital needs of the CNS; and

WHEREAS, the Board of Commissioners desires to establish uniform controls for loans from the District’s electric system to the CNS, preserve the financial integrity of each District fund and division, and authorize staff to administer qualifying loans subject to this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY AS FOLLOWS:

1. **Policy Adopted.** The Resolution is adopted as the District's policy governing loans from the District's electric system to the District's CNS. This Resolution constitutes the District's policy for purposes of WSBO BEAD agreement condition 34.A.4.
2. **Scope and Permitted Purposes.** An interfund loan may be made from any District fund of the District's electric system holding legally available, temporarily idle cash to any District fund of CNS for a lawful District purpose, including temporary cash-flow needs, capital expenditures, payment of costs pending grant reimbursement, and financing of required nonfederal match. An interfund loan is debt of the borrowing fund and is not a permanent transfer, subsidy, or reallocation of revenue.
3. **Delegated Authorization.** The General Manager, together with the Director of Finance, is authorized to approve, document, advance, amend, and administer an interfund loan without further Board action only if:
 - a. the loan supports an expenditure or project included in a Board-approved budget, capital plan, grant agreement, or contract, including a BEAD-supported CNS project;
 - b. the loan complies with every requirement of this Resolution;
 - c. the aggregate outstanding principal of the loan does not exceed the amount reasonably required for the approved purpose or the applicable Board-approved budget authority;
 - d. the lending fund has sufficient cash to make the loan without impairing its operations, planned capital work, required reserves, or other obligations;
 - e. the borrowing fund has a reasonable and identified ability to repay principal and interest within the term of the loan;
 - f. the loan will not violate any statute, bond resolution, debt covenant, grant condition, contract, rate covenant, restriction on special-purpose revenues, or other legal limitation;
 - g. the loan will not use bond proceeds, debt-service or reserve funds, customer deposits, grant funds, or other restricted money unless the governing restriction expressly permits the loan;
 - h. the loan does not create an unlawful subsidy between District funds or divisions; and
 - i. for a BEAD-related loan, the CNS account remains separate, transactions are market-based, costs are allocated consistently with the District's public cost-allocation policy, and the loan otherwise complies with the BEAD agreement and applicable guidance.

Any interfund loan that does not satisfy each condition above, any extension that would result in a maturity exceeding three years, and any forgiveness or conversion of a loan to a permanent transfer require prior approval by the Board through a separate resolution.

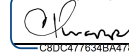
4. **Creation of Loans.** At the close of each month, the District will determine whether any CNS fund has a negative cash balance. If a CNS fund has a negative cash balance, such amount will be identified in the District's accounting records as a loan from the District's electric system to the CNS. The District shall keep proper books of

account in accordance with generally accepted accounting principles as applied to governmental entities and with the rules and regulations prescribed by the Division of Municipal Corporations of the State Auditor's office of the State of Washington ("SAO"), or other State department or agency succeeding to such duties of the SAO.

5. **Interest.** Each loan shall bear interest at the Washington State Local Government Investment Pool net earnings rate for the immediately preceding month. The District's Treasurer is authorized to calculate the amount of interest owed on any borrowed funds. Accrued interest shall be paid at least annually and at final repayment. A borrowing fund may prepay principal or interest at any time without premium or penalty.
6. **Repayment.** Each loan made under this Resolution must be repaid within three (3) years unless the Board approves a longer term by separate resolution. A loan may be repaid from allowable BEAD grant reimbursements, CNS revenues, lawfully available budgeted contributions, or other lawful sources. Grant reimbursement proceeds shall be applied promptly to the loan to the extent the reimbursed costs were financed by that loan and the proceeds are legally available for repayment. No loan principal, interest, or other cost may be charged to BEAD funds unless allowable under the BEAD agreement and applicable federal and state requirements. All loans are secured solely from the available revenues of the CNS and are junior liens to all existing and future revenue obligations.
7. **Administrative Actions.** The General Manager, Director of Finance, and their designees are authorized to execute certificates and other documents and to take all actions reasonably necessary to implement this Resolution, administer lawful interfund loans, and demonstrate compliance to WSBO, NTIA, auditors, and other oversight authorities.
8. **Controlling Requirements.** This Resolution supplements, and does not supersede, any more restrictive requirement in applicable law, a bond or financing document, a grant agreement, or another Board action. If a conflict exists, the more restrictive requirement controls. References to BEAD requirements include amendments and successor requirements applicable to the District's award.
9. **Severability.** If any provision of this Resolution is held invalid, the remainder shall not be affected and shall continue in full force and effect.
10. **Effective Date.** This Resolution takes effect immediately upon adoption.

ADOPTED by the Board of Public Utility District No. 1 of Pend Oreille County, Washington, at a regular meeting thereof this 15th day of September, 2026.

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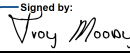


Curtis J. Knapp, President

DocuSigned by:



David W. Rick, Vice President

Signed by:

A146E3B44A294DC
J. Troy Moody, Secretary

ATTEST:

DocuSigned by:

1868FE632D08418
Karen Willner
Clerk of the Board

Certificate Of Completion

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Curt J. Knapp, Pend Oreille PUD Commissioner

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Signature

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Commissioner

Pend Oreille Public Utility District

Security Level: Email, Account Authentication
(None)

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Commissioner

Pend Oreille PUD

Security Level: Email, Account Authentication
(None)

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A146E3B44A294DC...

Signature Adoption: Pre-selected Style

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Karen Willner

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Assistant to General Manager/Clerk of the Board

Pend Oreille Public Utility District

Security Level: Email, Account Authentication
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Sarah Holderman sholderman@popud.org Director of Customer Services Public Utility District No.1 of Pend Oreille Coun Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Not Offered via DocuSign	COPIED	Sent: 9/16/2026 5:47:26 PM
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Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, SHI OBO Pend Oreille County Public Utility District (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

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At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact SHI OBO Pend Oreille County Public Utility District:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: bpebles@popud.org

To advise SHI OBO Pend Oreille County Public Utility District of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at bpebles@popud.org and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from SHI OBO Pend Oreille County Public Utility District

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to bpebles@popud.org and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with SHI OBO Pend Oreille County Public Utility District

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to bpebles@popud.org and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify SHI OBO Pend Oreille County Public Utility District as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by SHI OBO Pend Oreille County Public Utility District during the course of your relationship with SHI OBO Pend Oreille County Public Utility District.