

BOND PURCHASE AGREEMENT
Water Revenue Refunding Bond

Washington Federal enters into this Bond Purchase Agreement with the City of Yachats, Lincoln County, Oregon, upon the terms and conditions described below.

Section 1. Definitions.

For purposes of this Bond Purchase Agreement, the following capitalized terms shall have the following meanings, unless the context clearly requires otherwise:

“Agreement” means this Bond Purchase Agreement.

“Bank” means Washington Federal, or its successors or assigns.

“Bond” means the City of Yachats, Lincoln County, Oregon, Water Revenue Refunding Bond, Series 2017, evidencing the amount owed under this Agreement to the Bank, and in form consistent with the terms of this Agreement.

“Bond Counsel” means the law firm of Hawkins Delafield & Wood LLP.

“Business Day” means any day on which the Bank is open for business in Oregon other than a Saturday or a Sunday.

“City” means the City of Yachats, Lincoln County, Oregon.

“City Official” means the Mayor or the City Manager, or the person designated by the Mayor or the City Manager.

“Closing Date” means March 17, 2017.

“Code” means the United States Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

“Determination of Taxability” means (i) the enactment of legislation or the adoption of final regulations or a final decision, ruling or technical advice by any federal judicial or administrative authority that has the effect of requiring interest on the Bond to be included in the gross income of the Bank for federal income tax purposes, or (ii) the receipt by the Bank of a written opinion of nationally recognized bond counsel selected by the City and approved by the Bank to the effect that interest on the Bond must be included in the gross income of the Bank for federal income tax purposes; provided that no decision by any court or decision, ruling or technical advice by any administrative authority shall be considered final without the consent of the City until the expiration of all periods for judicial review or appeal.

“Event of Default” means the declaration by the Bank of an event of default as a result of a determination by the Bank that there has been: (i) a failure to pay principal of or interest on the Bond when due, as provided in the Bond and this Agreement; or (ii) a failure by the City to comply with any of its obligations, or to perform any of its duties, under this Agreement, the Bond or the Resolution, which failure continues, and is not cured, for a period of more than 30 days after the Bank has made written demand on the City to cure such failure; or (iii) a material misrepresentation by the City in this Agreement, the Resolution, or the Bond.

“Fiscal Year” means the period beginning July 1 of each year and ending on the next succeeding June 30, or such other period as the City may legally adopt.

“Gross Revenues” means all fees, charges and other revenues from the operation of the System, including without limitation system development charges (other than related to local improvements, per clause (ii) below), and any interest earnings thereon. The term “Gross Revenues” does not include:

- i. interest income or other earnings derived from any escrow fund or account established for the refunding of outstanding indebtedness of the City;
- ii. payments of assessments made with respect to a local improvement (as defined in ORS Chapter 223) levied against benefitted properties (including but not limited to system development charges);
- iii. any gifts, grants, donations or other moneys received by the City from any State or Federal agency or other person if such gifts, grants, donations or other moneys are the subject of any limitation or reservation (a) imposed by the donor or grantor, or (b) imposed by law or administrative regulation to which the donor or grantor is subject, limiting the application of such funds in a manner inconsistent with the application of Gross Revenues hereunder;
- iv. the proceeds of any borrowing for capital improvements;
- v. the proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues); or
- vi. the proceeds of any casualty insurance that the City intends to use for repair or replacement of the System.

“Net Revenues” means the Gross Revenues for any Fiscal Year less Operating Expenses for the same Fiscal Year.

“Operating Expenses” means all expenses incurred for the operation, maintenance and repair of the System, including but not limited to administrative expenses, financial and auditing expenses, insurance premiums, claims (to the extent moneys are not available from proceeds of insurance), franchise fees, legal and engineering expenses relating to operation and maintenance of the System, payments and reserves for pension, retirement, health, hospitalization, taxes and sick leave benefits, and any other similar expenses to be paid to the extent properly and directly attributable to operations of the System. The term “Operating Expenses” does not include:

- i. any rebates or penalties paid from Gross Revenues under Section 148 of the Code;
- ii. payments for the settlement of litigation and payments to any liability reserve fund;
- iii. depreciation and amortization of property, values or losses, and all amounts treated for accounting purposes as payments for capital expenditures;
- iv. debt service payments (including amounts treated for accounting purposes as debt service payments);

- v. capital transfers and capital outlays including without limitation transfers to capital construction accounts and expenditures for renewals and replacements; or
- vi. non-cash expenses and extraordinary, non-recurring expenses.

“Parity Borrowing” means any borrowing issued pursuant to Section 7 of this Agreement and secured on an equal and ratable basis with the Bond with respect to the lien on the Net Revenues.

“R-1 Bond” means the City’s Revenue Installment Water Bond No. R-1, which is dated December 10, 1993 and was issued in the original principal amount of \$80,700.

“R-2 Bond” means the City’s Revenue Installment Water Bond No. R-2, which is dated December 10, 1993 and was issued in the original principal amount of \$216,000.

“R-3 Bond” means the City’s Revenue Installment Water Bond No. R-3, which is dated January 26, 1998 and was issued in the original principal amount of \$396,000.

“Reserve Account” means account no. 62761295955, which has been established by the City with the Bank pursuant to Section 6 of this Agreement.

“Reserve Account Requirement” means, as of any date of calculation or valuation, the least of (i) the greatest amount of principal, interest and premium, if any, required to be paid in any Fiscal Year on the Bond, (ii) 125% of the average amount of principal, interest and premium, if any, required to be paid on the Bond during all Fiscal Years in which the Bond will be outstanding, calculated as of the Closing Date, or (iii) ten percent (10%) of the proceeds of the Bond, as “proceeds” are determined for purposes of Section 148(d) of the Code.

“Resolution” means the City’s Resolution No. 2017-03-01 adopted March 8, 2017, authorizing this Agreement and the Bond.

“Subordinate Borrowing” means any borrowing issued pursuant to Section 7 of this Agreement and secured on a subordinate basis to the Bond with respect to the lien on the Net Revenues.

“System” means all real and personal property now or hereafter owned, operated, used or maintained by the City for treatment, delivery and distribution of water.

Section 2. Recitals.

The City recites that its City Council has adopted the Resolution, which authorizes the City to execute and deliver this Agreement and the Bond in a principal amount necessary to provide sale proceeds sufficient to pay (i) the principal of and interest on the R-1 Bond, R-2 Bond and R-3 Bond being refunded, and (ii) the cost of issuance of the Bond.

Section 3. Purchase Agreement.

- 3.1 The principal amount of the Bond is \$512,000.
- 3.2 The Bank hereby agrees to purchase the Bond in the principal amount of \$512,000 at a price of 100% of par, subject to the terms and conditions contained in this Agreement.
- 3.3 The Bond shall bear interest at the rate of three and seven hundredths percent (3.07%) per annum, calculated on a 30/360-day basis. The City shall repay the Bond in 30 semiannual payments of \$21,425.19 each, including principal and interest, on March 17 and

September 17 of each year, commencing September 17, 2017, as set forth in Exhibit A attached hereto.

- 3.4 All principal of the Bond, plus accrued interest, shall be paid no later than March 17, 2032.
- 3.5 Any payment by the City to the Bank for the Bond shall be applied first to pay accrued interest, and second to pay principal.
- 3.6 The City acknowledges that in purchasing the Bond, the Bank intends to make a loan, and accordingly, the City agrees that it will not: (i) register the Bond under the Securities Act of 1933 or otherwise qualify it for sale under the "Blue Sky" laws and regulations of any state; (ii) cause the Bond to be held in a format other than as one single debt instrument; (iii) obtain any CUSIP numbers for the Bond; (iv) prepare any official statement in connection with the private placement of the Bond; (v) close the Bond through The Depository Trust Company or any similar repository or issue the Bond in book-entry form; or (vi) list the Bond on any stock or other securities exchange.

Section 4. Prepayment.

The Bond may be prepaid at the election of the City only in whole and only on March 17, 2020 and on any Business Day thereafter, upon 30 days' prior written notice to the Bank; provided, that the City shall reimburse the Bank for any reasonable, resulting loss or expense incurred by the Bank, including without limitation any reasonable loss or expense incurred in obtaining, liquidating, or reemploying deposits from third parties. A statement of the amount of that reasonable loss or expense, prepared in good faith and in reasonable detail by the Bank and submitted by the Bank to the City, shall be conclusive and binding for all purposes absent manifest error in computation. The Bank's calculation of any amounts payable upon prepayment shall be based on the assumption that the Bank actually funded the Bond through deposits or other funds acquired from third parties for such purpose; however, the Bank shall not be obligated to fund the Bond through such deposits or other funds acquired from third parties, but may fund the Bond through any available resources.

Section 5. Security; Financial Covenants.

- 5.1 The Bond is a special obligation of the City payable solely from the sources outlined here. The City hereby pledges the Net Revenues and all moneys in the Reserve Account to the Bank for the punctual payment of the Bond when due.
- 5.2 The City covenants to maintain the Reserve Account Requirement. On the date of closing of the Bond, the Reserve Account Requirement is \$42,850.38, per subsection (i) of the definition of Reserve Account Requirement, and has been funded with City resources and not Bond proceeds.
- 5.3 The City covenants that it will charge rates and fees in connection with the operation of the System that, when combined with other Gross Revenues, are adequate to generate (i) Net Revenues in each Fiscal Year at least equal to the sum of (a) 120% of annual debt service due in that Fiscal Year on the Bond, plus (b) 100% of annual debt service due in

that Fiscal Year on any Parity Borrowing and Subordinate Borrowing, plus (c) 100% of any amount needed in that Fiscal Year to maintain the Reserve Account Requirement.

- 5.4 Not later than six months after the end of each Fiscal Year, the City shall prepare a report that demonstrates whether the City has complied with Section 5.3 during that Fiscal Year and shall file that report in the City records. If the report demonstrates that the City has not complied with Section 5.3 during that Fiscal Year, it shall not constitute a default under this Agreement if, within thirty (30) days after the report is filed, the City files a certificate of a City Official that specifies the actions that the City has taken and will take within the next ninety (90) days to permit the City to comply with Section 5.3 for the remainder of the Fiscal Year in which the report is filed, and for the succeeding Fiscal Year, and the City takes the actions specified by the City Official, or actions having a comparable effect.

Section 6. Reserve Account.

- 6.1 There is hereby created the Reserve Account for the Bond, established by the City with the Bank as an interest-bearing account. Such account will be subject to the Bank's published schedule of fees applicable to business and government clients, as such fees may change from time to time.
- 6.2 The Reserve Account shall be initially funded on the Closing Date in an amount equal to the Reserve Account Requirement. All amounts in the Reserve Account shall be used and withdrawn by the Bank solely for the purpose of making up any deficiency in a payment of principal of or interest on the Bond when due. Amounts on deposit in the Reserve Account shall be valued at their market value on (i) each date that any amounts therein are withdrawn for the purpose of making up any deficiency in a payment of principal of or interest on the Bond, and (ii) on each annual anniversary of the Closing Date. If the amount on deposit in the Reserve Account on any day following such valuation is less than the Reserve Account Requirement, the City shall deposit from Net Revenues the amount necessary to increase the balance in the Reserve Account to the Reserve Account Requirement as follows: (a) if it is determined that the amount on deposit in the Reserve Account is less than the Reserve Account Requirement due to a valuation in such amount as set forth in clause (ii) above, the City shall within five Business Days of such valuation transfer to the Reserve Account from Net Revenues the amount of money necessary to increase the balance therein to the Reserve Account Requirement; and (b) if it is determined that the amount on deposit in the Reserve Account is less than the Reserve Account Requirement due to a valuation in such amount as set forth in clause (i) above, the City shall transfer from Net Revenues to the Reserve Account on or before the tenth Business Day of each calendar month, commencing with the calendar month immediately succeeding such valuation, one-twelfth of the aggregate amount of each prior withdrawal from the Reserve Account; provided that no such transfer need be made to the extent the balance in such account shall be at least equal to the Reserve Account Requirement. If the amount on deposit in the Reserve Account on any day following such valuation is more than the Reserve Account Requirement, the amount in excess of the Reserve Account Requirement may, upon the City's written request to the Bank, be withdrawn by the Bank and transferred to the City.

Provided that (x) there is no deficiency in the Reserve Account, and (y) no Event of Default has occurred and is continuing, the amount in the Reserve Account may, upon the City's written request to the Bank, be withdrawn by the Bank and applied to the final payment of principal of and interest on the Bond, whether at final maturity or upon prepayment.

Section 7. Additional Borrowings.

- 7.1 While any amount is outstanding under the Bond, the City will not incur indebtedness secured by a pledge of the Net Revenues that is superior to that of the Bond.
- 7.2 The City may issue Parity Borrowings, provided that (i) no Event of Default has occurred and is continuing, (ii) there is no deficiency in the Reserve Account, and (iii) the City furnishes the Bank with either (a) the certificate of a City Official stating that the Net Revenues in any period of 12 consecutive months in the 24 months immediately preceding the month of the proposed Parity Borrowing were equal to 120% of the sum of maximum annual debt service on the Bond and on the Parity Borrowing, with the Parity Borrowing treated as outstanding, or (b) the report of a qualified consultant satisfactory to the Bank stating that the Net Revenues are projected to be not less than 120% of the sum of maximum annual debt service on the Bond and on the Parity Borrowing, with the Parity Borrowing treated as outstanding, in each Fiscal Year during which the Bond and any Parity Borrowing will be outstanding.
- 7.3 The City may issue Subordinate Borrowings without limitation.

Section 8. Closing.

The Bank shall purchase the Bond upon execution by the City of this Agreement and the Bond, and upon satisfaction of the conditions specified in Section 15 of this Agreement.

Section 9. Deposit and Use of Bond Proceeds.

The proceeds of the Bond shall be expended by the City in accordance with the Resolution and the tax certificate of the City executed in connection with the issuance of the Bond.

Section 10. Tax Covenants.

- 10.1 The City covenants for the benefit of the Bank to comply with all provisions of the Code that are required for interest on the Bond to be excluded from gross income for federal income taxation purposes, and designates the Bond as a "qualified tax-exempt obligation" pursuant to Section 265 of the Code.
- 10.2 Upon the occurrence of a Determination of Taxability applicable to any portion of the outstanding principal balance of the Bond, the Bank may increase the interest rate applicable to such balance to four and sixty-two hundredths percent (4.62%) per annum, effective as of the effective date of such determination. The City covenants and agrees to reimburse the Bank for any penalties and interest assessed by any governmental authority resulting from such Determination of Taxability. So long as the City is in compliance with this Section 10.2, a Determination of Taxability shall not be an Event of Default.

Section 11. Default.

If an Event of Default occurs, the Bank may exercise any remedy available at law or in equity (excluding acceleration), and may increase the interest rate applicable to the Bond by three percentage points (3.00%), while the Event of Default continues. No remedy shall be exclusive. The Bank may waive any Event of Default, but no such waiver shall extend to a subsequent Event of Default.

Section 12. Fees, Costs and Expenses.

- 12.1 The City shall pay the Bank an origination fee of \$1,000.00 no later than the date of this Agreement.
- 12.2 If legal action is taken by either party to this Agreement to enforce the provisions of this Agreement or the Bond, or if the Bank takes collection action under this Agreement, the prevailing party shall be entitled to its reasonable attorneys' fees and costs, whether at trial, on appeal or otherwise, including any allocated costs of in-house counsel.
- 12.3 The City shall pay the fees and costs of Bond Counsel, and any other expenses and costs which the City incurs in connection with this Agreement. The City will reimburse the Bank for all legal costs incurred in connection with this Agreement in an amount not to exceed \$5,000.00.

Section 13. Representations, Warranties and Agreements of the City.

By executing this Agreement in the space provided below, the City represents and warrants to, and agrees with the Bank that:

- 13.1 The City is duly created and existing under the laws of the State of Oregon, has all necessary power and authority to enter into this Agreement and perform its duties under the Resolution and this Agreement, and that this Agreement and the Bond will constitute legal, valid and binding special obligations of the City that are enforceable in accordance with their terms, except to the extent that enforceability may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.
- 13.2 The acceptance of this Agreement, the adoption of the Resolution, and the execution and delivery of the Bond will not conflict in any material respect with, or constitute a material breach of or default under, any law, charter provision, court decree, administrative regulation, ordinance, resolution or other material agreement to which the City is a party or by which it is bound.
- 13.3 There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin the acceptance of this Agreement, the adoption of the Resolution, or the execution and delivery of the Bond, or the collection

and application of the funds as contemplated by the Resolution and this Agreement, that, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under this Agreement and the Bond.

- 13.4 To the extent permitted by law, the City agrees to indemnify and hold harmless the Bank and all of its agents and employees against any and all losses, claims, damages, liabilities and expenses arising out of any statement made by the City to the Bank, its agents or employees, that relates to this Agreement or the Bond, and that is untrue or incorrect in any material respect.

Section 14. Financial Statements; Notice of Adverse Developments.

- 14.1 As long as this Agreement is in effect, the City shall provide the Bank with (i) a copy of its complete, audited annual financial statements within 180 days after the end of each Fiscal Year, and (ii) such other information as the Bank may from time to time reasonably request.
- 14.2 The City shall notify the Bank promptly of any development that is likely to have a material and adverse effect (i) on the ability of the City to pay principal of or interest on the Bond, or (ii) on the financial condition of the City's water system generally.

Section 15. Conditions to the Obligations of the Bank.

The Bank may refuse to purchase the Bond unless, on or prior to the Closing Date, the Bank shall have received:

- 15.1 a certified copy of the duly authorized Resolution, and a signed original of this Agreement and the Bond;
- 15.2 an opinion of Bond Counsel to the effect that:
- 15.2.1 this Agreement and the Bond are valid and legally binding special obligations of the City, enforceable against the City in accordance with their terms, except to the extent that enforceability may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City,
 - 15.2.2 the interest payable on the Bond is excludable from gross income under the Code, and
 - 15.2.3 the Bond has been designated by the City as a qualified tax-exempt obligation under Section 265(b)(3)(B) of the Code;
- 15.3 the certificate of a City Official to the effect that:
- 15.3.1 there is no action, suit, proceeding, or investigation at law or in equity before or by any court or governmental body pending or, to the best of the

knowledge of the City, threatened against the City to restrain or enjoin the adoption of the Resolution or the execution and delivery of this Agreement and the Bond, or the collection and application of funds as contemplated by this Agreement and the Bond, that, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under this Agreement and the Bond, and

- 15.3.2 the adoption of the Resolution and the execution and delivery of this Agreement and the Bond do not and will not conflict in any material respect with, or constitute a material breach of or default under, any law, charter provision, court decree, administrative regulation, ordinance, resolution or other agreement to which the City is a party or by which it is bound;
- 15.4 a copy of the City's complete, audited annual financial statement for the Fiscal Year ended June 30, 2016;
- 15.5 funding of the Reserve Account in accordance with Section 6.2, hereof; and
- 15.6 such additional legal opinions, certificates, proceedings, instruments, or other documents as the Bank or the City's Bond Counsel may reasonably request to evidence compliance by the City with the legal requirements for execution and delivery of this Agreement and the Bond and the due performance or satisfaction by the City of all agreements then to be performed and all conditions then to be satisfied by the City.

Section 16. Additional Operational Covenants.

So long as the Bond is outstanding, the City will comply with the following additional covenants:

- 16.1 Operation of the System. The City shall work in good faith to cause the System to be operated at all times in a safe, sound, efficient and economic manner in compliance with all health, safety and environmental laws, regulatory body rules, regulatory body orders and court orders applicable to the City's operation and ownership of the System,
- 16.2 Maintenance of the System. The City shall maintain the System in good repair, working order and condition.
- 16.3 System Insurance. The City shall at all times maintain with responsible insurers all such insurance on the System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. The net proceeds of insurance against accident to or material destruction of the System shall be used to repair or rebuild the damaged or destroyed System, and to the extent not so applied, will be applied to the payment or redemption of the Bond.
- 16.4 Disposition of the System. The City shall not, nor shall it permit others to, sell, mortgage, lease or otherwise dispose of or encumber all or any portion of the System, except as permitted in the next sentence. The City may dispose of any portion of the System that has become unserviceable, inadequate, obsolete, or unfit to be used or no longer necessary for use in the operation of the System.
- 16.5 Providing Services at Discounts. The City shall not enter into any new agreements or arrangements or make any new offers to provide System products or services at a

discount from published rate schedules or provide free System products or services except: a) in case of emergencies, b) use by the City for municipal purposes, or c) where in the reasonable judgment of the City such action does not materially reduce the Net Revenues received by the City.

- 16.6 Continuous Operation Essential. The City agrees that the continuous operation of the System and the collection, deposit and disbursement of the Net Revenues in the manner provided in the Resolution and this Agreement are essential to the payment and security of the Bond, and the failure or refusal of the City to perform the covenants and obligations contained in the Resolution and this Agreement will endanger the necessary continuous operation of the System and the application of the Net Revenues to the operation of the System and the payment of the Bond.

Section 17. Notices.

Any notices required to be given pursuant to this Agreement shall be given to the following addresses:

City: City of Yachats
P.O. Box 345 (for USPS)
441 N. Highway 101 (for courier)
Yachats, OR 97498
Attn: City Administrator

Bank: Washington Federal
5665 Meadows Road, Suite 300
Lake Oswego, OR 97035
Attn: Government Banking

Section 18. Assignment; Survival; Agreement Constitutes Contract.

- 18.1 This Agreement shall be binding upon and shall inure to the benefit of the City and the Bank and their respective successors and assigns. The City agrees that it may not assign this Agreement without the Bank's prior written consent. The Bank may not transfer the Bond unless (i) the Bank's corporate name is changed and the transfer is necessary to reflect such change, (ii) the transferee is a successor in interest of the Bank by means of a corporate merger, an exchange of stock, or a sale of assets, or (iii) the transferee is a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act of 1933, as amended, in which case the Bank may exchange financial information about the City with actual or potential transferees. Any transfer under clause (iii) shall require execution by the transferee of a [purchaser's qualified lender](#) letter in the form attached as Exhibit B hereto. All representations, warranties, and agreements contained in this Agreement shall survive the execution, delivery and payment of the Bond. The Bank shall execute a letter on the Closing Date in substantially the form attached as Exhibit B hereto.

18.2 This Agreement and the Bonds shall constitute a contract between the City and the Bank. The Bank's extension of credit hereunder is expressly made in reliance on such contract.

Section 19. Defeasance.

The City may defease the Bond by (i) setting aside, with a duly appointed escrow agent or independent trustee (which shall be a bank or trust company having assets of at least \$50 billion that regularly acts as a refunding trustee or escrow agent for municipal bond defeasances), in a special escrow account irrevocably pledged to the payment of the Bond, cash or direct obligations of the United States in an amount which, in the opinion of an independent certified public accountant, is sufficient without reinvestment to pay all principal of and interest on the defeased Bond until its maturity date or any earlier redemption date, and (ii) obtaining an opinion of Bond Counsel that the defeasance will not materially adversely affect the federal tax-exemption of the Bond. Such deposit shall be irrevocable, and the Bond, when defeased pursuant to this Section 16, shall be deemed paid and no longer outstanding, and shall cease to be entitled to any lien, benefit or security under this Agreement except the right to receive payment from such special escrow account.

Section 20. Applicable Law.

This Agreement shall be governed and interpreted in accordance with the laws of the State of Oregon.

Section 21. Severability and Waivers.

If any part of this Agreement is not enforceable, the rest of this Agreement may be enforced. The Bank retains all rights, even if it makes a loan after default. If the Bank waives a default, it may enforce a later default. Any consent or waiver under this Agreement must be in writing.

Section 22. Counterparts.

This Agreement may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

Section 23. Waiver of Jury Trial.

To the extent permitted by applicable law, each of the parties waives any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise between the parties arising out of, connected with, related to, or incidental to the relationship between any of them in connection with this Agreement or the transactions contemplated hereby. Instead, any such dispute resolved in court will be resolved in a bench trial without a jury.

Section 24. Written Agreements.

Under Oregon law, most agreements, promises and commitments made by the Bank concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by the Bank to be enforceable.

(SIGNATURES APPEAR ON THE FOLLOWING PAGE)

DATED as of March 17, 2017.

WASHINGTON FEDERAL

By: _____
Authorized Officer

CITY OF YACHATS, LINCOLN COUNTY,
OREGON

By: _____
City Official

EXHIBIT A

Bond Payment Schedule

City of Yachats, Oregon

\$512,000 Water Revenue Refunding Bond, Series 2017

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
3/17/2017				
9/17/2017	13,565.99	3.07%	7,859.20	21,425.19
3/17/2018	13,774.23	3.07%	7,650.96	21,425.19
9/17/2018	13,985.66	3.07%	7,439.53	21,425.19
3/17/2019	14,200.34	3.07%	7,224.85	21,425.19
9/17/2019	14,418.32	3.07%	7,006.87	21,425.19
3/17/2020	14,639.64	3.07%	6,785.55	21,425.19
9/17/2020	14,864.36	3.07%	6,560.83	21,425.19
3/17/2021	15,092.53	3.07%	6,332.66	21,425.19
9/17/2021	15,324.20	3.07%	6,100.99	21,425.19
3/17/2022	15,559.42	3.07%	5,865.77	21,425.19
9/17/2022	15,798.26	3.07%	5,626.93	21,425.19
3/17/2023	16,040.76	3.07%	5,384.43	21,425.19
9/17/2023	16,286.99	3.07%	5,138.20	21,425.19
3/17/2024	16,536.99	3.07%	4,888.20	21,425.19
9/17/2024	16,790.84	3.07%	4,634.35	21,425.19
3/17/2025	17,048.58	3.07%	4,376.61	21,425.19
9/17/2025	17,310.27	3.07%	4,114.92	21,425.19
3/17/2026	17,575.98	3.07%	3,849.21	21,425.19
9/17/2026	17,845.77	3.07%	3,579.42	21,425.19
3/17/2027	18,119.71	3.07%	3,305.48	21,425.19
9/17/2027	18,397.85	3.07%	3,027.34	21,425.19
3/17/2028	18,680.25	3.07%	2,744.94	21,425.19
9/17/2028	18,966.99	3.07%	2,458.20	21,425.19
3/17/2029	19,258.14	3.07%	2,167.05	21,425.19
9/17/2029	19,553.75	3.07%	1,871.44	21,425.19
3/17/2030	19,853.90	3.07%	1,571.29	21,425.19
9/17/2030	20,158.66	3.07%	1,266.53	21,425.19
3/17/2031	20,468.09	3.07%	957.10	21,425.19
9/17/2031	20,782.28	3.07%	642.91	21,425.19
3/17/2032	21,101.27	3.07%	323.92	21,425.19
Total	512,000.00		130,755.70	642,755.70

EXHIBIT B

FORM OF QUALIFIED LENDER LETTER

\$512,000
City of Yachats, Oregon
Water Revenue Refunding Bond
Series 2017

The undersigned, a duly authorized representative of Washington Federal (the “Bank”), hereby certifies as follows with respect to the Bank’s purchase of the above-captioned bond dated March 17, 2017 (the “Bond”), issued by the City of Yachats, Oregon (the “City”):

1. The Bank is a “Qualified Institutional Buyer” as that term is defined in Rule 144A under the Securities Act.

2. The Bank has sufficient knowledge and experience in financial and business matters, including lending to political subdivisions and the purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the loan represented by the Bond.

3. The Bank has made its own independent and satisfactory inquiry of the financial condition of the City, including inquiry into financial statements and other information relating to the financial condition of the City to which a reasonable lender would attach significance in making lending decisions, and of any other matters deemed to be relevant to a reasonably informed decision to make the loan by purchasing the Bond.

4. The Bank has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the projects financed with the Bond, and the Bond, all so that as a reasonable lender the Bank has been able to make a reasonably informed decision to make the loan by purchasing the Bond.

5. The Bank is making the loan evidenced by the Bond for investment purposes only (and not as an “underwriter” or “Participating Underwriter” as defined in the Securities and Exchange Commission Rule 15c2-12, as amended, replaced or supplemented) and does not presently intend to transfer, otherwise distribute or sell the Bond or any portion thereof to the general public.

6. The Bank acknowledges that its right to sell and transfer the Bond is limited as provided in the Bond Purchase Agreement between the City and the Bank, dated as of March 17, 2017.

7. The Bank acknowledges that the Bond (a) has not been registered under the Securities Act of 1933, as amended, and has not been registered or otherwise qualified for sale under the securities laws of any state, (b) will not be listed on any securities exchange, and (c) will carry no rating from any rating service. The Bank acknowledges that there is no

established market for the Bond and that none is likely to develop. The Bank understands and acknowledges that (i) the Bond is not intended to be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and (ii) in connection with the Bank's purchase of the Bond, the City has not prepared or caused to be prepared, any official statement, private placement memorandum or other offering document.

8. The Bank agrees that it will comply with any applicable state and federal securities law in effect with respect to the initial purchase of the Bond and in effect with respect to any disposition of the Bond by it, and further acknowledges that any current exemption from registration of the Bond does not affect or diminish such requirements.

9. Hawkins Delafield & Wood LLP ("Bond Counsel") will have no responsibility to the Bank for the accuracy or completeness of information obtained by the Bank from any source regarding the City, the projects financed with the Bond, or the City's financial condition, or regarding the ability of the City to pay the Bond, or the sufficiency of any security therefor. The Bank acknowledges that, as between the Bank and Bond Counsel, the Bank has assumed responsibility for obtaining such information and making such review as the Bank deemed necessary or desirable in connection with its decision to purchase the Bond.

Dated as of the 17th day of March, 2017.

Washington Federal

By: _____
Mark M. Farrell, Director of Government Banking

[Qualified Lender Letter]