

PROMISSORY NOTE

\$250,000.00

Date: April 12, 2021

FOR VALUE RECEIVED, the City of Hermiston, an Oregon municipal corporation, (“Maker”), promises to pay to the order of Umatilla Electric Cooperative, an Oregon cooperative corporation (“Cooperative”), at the times and in the manner hereinafter provided, the sum of Two Hundred and Fifty Thousand Dollars (\$250,000.00), without interest in annual installments of Twenty Five Thousand Dollars (\$25,000.00) on the anniversary of the date of the first advance of funds made hereunder, and continuing on the same day of each year thereafter until the principal sum stated above has been paid in full on or before the final maturity date of this Note which shall be on the tenth (10th) anniversary of the date of the first advance of funds hereunder. Maker shall have the right to prepay the obligation set forth in this Note in whole or in part at any time without penalty; provided, however, that in the event of a partial prepayment, the Maker shall be obligated to continue making regular and uninterrupted annual payments for the amount and on the annual payment date specified in this Note so long as any portion of the loan remains unpaid.

Demand, presentment, protest, notice of protest, and notice of dishonor are hereby waived.

In the event of nonpayment when due of any payment due under this Note or if any event of default occurs under the Rural Economic Development Loan and Security Agreement described below, and such nonpayment or event of default continues for a period of thirty (30) days, then at the option of the holder of this Note, all of the amount then owing under this Note shall immediately become due and payable. The failure to assert this right shall not be deemed a waiver.

So long as this Note shall be held by Cooperative, the Maker shall pay a late charge on any payment not made within ten (10) days of the date it becomes due as originally scheduled or otherwise. The late charge shall be computed on the payment from the due date at a rate equal to the rate of the current value of funds to the United States Treasury as prescribed and published by the Secretary of the Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletins annually or quarterly, as the case may be, in accordance with 31 U.S.C. § 3713. In addition, Maker shall pay Cooperative administrative costs and penalty charges as Cooperative may now or hereafter prescribe. If this Note is transferred by Cooperative, whether for collection or otherwise, any payment not paid in ten (10) days of the date it becomes due, as originally scheduled or otherwise, shall thereafter be subject to a late charge computed from the due date at a rate equal to the judgment rate prescribed by the State of Oregon. In such event, the Maker shall also pay the Transferee for all reasonable costs and expenses of collection.

In addition, Maker shall pay Cooperative all out-of-pocket expenses incurred by Cooperative in connection with servicing the Loan evidenced by this Note including the cost of required fidelity bond coverage. Such charges over the life of the Loan shall not exceed an amount equal to the sum of one (1%) percent per year of the outstanding principal on the first day of each year on the Borrower’s Loan.

Amounts received on account of indebtedness evidenced by this Note shall be applied as follows: first to expenses, costs and penalties; second to late charges; third to principal payments which are past due; and fourth to principal installments not yet due.

This Note is given in accordance with, and is required by, the terms and conditions of a certain Rural Economic Development Loan and Security Agreement between the parties dated as of March 4, 2021, and evidences indebtedness created by a loan made for the purpose of promoting rural economic development. Accordingly, so long as this Note is held by Cooperative, it shall be governed by and construed in accordance with the laws of the United States and the Regulations of Rural Development.

If a suit, action or other proceeding of any nature whatsoever (including any proceeding under the Bankruptcy laws of the United States) is instituted in connection with any controversy arising out of this Note, or to interpret or enforce its terms and provisions, the prevailing party shall be entitled to recovery of attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the court at trial or on any appeal or review, in addition to all other amounts provided by law.

IN WITNESS WHEREOF, the Maker has caused this Note to be executed in its corporate name and its corporate seal to be affixed and attested by its duly authorized officers, all as of the day and year first above written.

City of Hermiston, Oregon

Title:

ATTEST:

Title: