



United States Department of Agriculture
Rural Development

February 1, 2018

DESIGNATION NOTICE

NOTICE TO:

Mr. Thomas A. Coleman
Chief Financial Officer
Federal Financing Bank
United States Department of the Treasury
Main Treasury Building
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Mr. Ashley Chilton
Chairman
Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, Kentucky 40065-1714

Reference is made to the Note Purchase Commitment and Servicing Agreement dated as of January 1, 1992 (the "Agreement"), between the Federal Financing Bank ("FFB") and the Administrator of the Rural Electrification Administration ("REA"), predecessor to the Administrator of the Rural Utilities Service ("RUS"), as amended.

Pursuant to section 3.1 of the Agreement, RUS hereby notifies FFB and Shelby Energy Cooperative, Inc., that RUS has designated Shelby Energy Cooperative, Inc., to be a "Borrower" for purposes of the Agreement.

This designation irrevocably commits FFB to purchase, pursuant to the Federal Financing Bank Act of 1973, as amended (12 U.S.C. Section 2281 et seq.), a promissory note in the maximum principal amount of twenty-two million, three hundred and nineteen thousand dollars (\$22,319,000) to be made by the Borrower payable to FFB, in the form of note attached to the Borrower's counterpart of this Designation Notice (the "Note"). This designation also

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1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6362 (TDD).

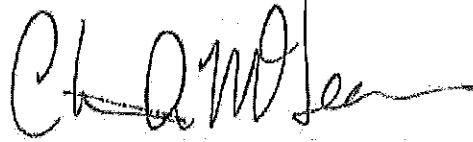
commits RUS to guarantee pursuant to the Rural Electrification Act of 1936, as amended (7 U.S.C. Section 901 et seq.), the Note. These commitments of FFB and RUS are subject to the terms and conditions of the Agreement.

To enforce these commitments, the Borrower must duly execute and deliver to RUS, as agent for FFB, and RUS must so receive all, within 90 days of the date of this Designation Notice:

- (1) the Note; and
- (2) the instrument prescribed by RUS to evidence the Borrower's obligation to pay RUS for any amounts paid by RUS in accordance with RUS' guarantee of the Note.

ACTING ADMINISTRATOR
OF THE
RURAL UTILITIES SERVICE

By:



Name:

CHRISTOPHER A. McLEAN

Title:

Acting Administrator

Attachment