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ELIZABETH NICKELS LENN

RETIRED  
JAMES G. SHEEHAN, JR.

RECEIVED

JUN 16 2010

PUBLIC SERVICE  
COMMISSION

June 14, 2010

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

2010 - 00239

**Re: Application of Inter-County Energy Cooperative Corporation for Authorization To Borrow \$5,002,198 from CoBank and Execute Necessary Note and to Prepay Rural Utilities Service 5% Notes of the Same Amount**

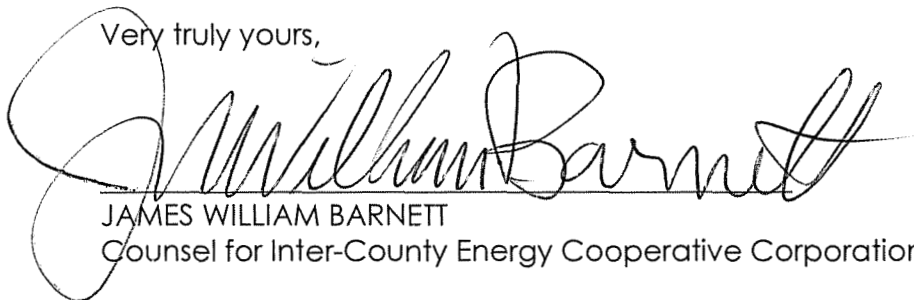
Dear Mr. Derouen:

We enclose for filing the original and 10 copies of application pertaining to the above. Please notify the undersigned of the case number when it has been assigned.

The fixed rate being offered by lender CoBank expires on July 20, 2010. Accordingly, we request expedited handling of this application so that we may have Commission approval prior to that date.

Thank you for your assistance in this matter.

Very truly yours,

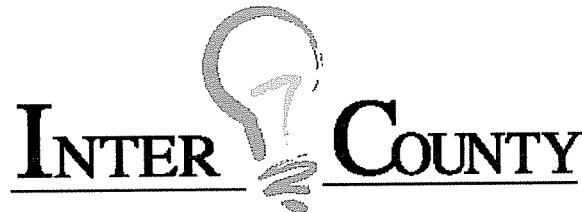


JAMES WILLIAM BARNETT  
Counsel for Inter-County Energy Cooperative Corporation


RECEIVED

JUN 16 2010

PUBLIC SERVICE  
COMMISSION



ENERGY COOPERATIVE 2010-00239

A Touchstone Energy Cooperative 

**Application of Inter-County Energy  
Cooperative Corporation For Authorization  
To Borrow \$5,002,198 From CoBank and  
Execute Necessary Note and To Prepay Rural  
Utilities Service 5% Notes of the Same Amount**

**June 14, 2010**

P. O. Box 87 • Danville, KY 40423-0087 • (859) 236-4561

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUN 16 2010

PUBLIC SERVICE  
COMMISSION

In the Matter of:

APPLICATION OF INTER-COUNTY ENERGY )  
COOPERATIVE CORPORATION FOR AUTHORIZATION )  
TO BORROW \$5,002,198 FROM COBANK AND EXECUTE )  
NECESSARY NOTES AND TO PREPAY RURAL UTILITIES )  
SERVICE 5% NOTES OF THE SAME AMOUNT )

CASE NO. 2010-00239

APPLICATION

Inter-County Energy Cooperative Corporation ("Inter-County") respectfully submits this application seeking expedited approval (in order to close by July 20, 2010) of long-term refinancing, pursuant to KRS 278.300. The petition respectfully shows:

1. Inter-County is a nonprofit electric cooperative organized under KRS Chapter 279 and is engaged in the business of distributing retail electric power to member customers in the Kentucky counties of Boyle, Casey, Garrard, Larue, Lincoln, Madison, Marion, Mercer, Nelson, Rockcastle, Taylor and Washington.
2. Inter-County's post office address is Post Office Box 87, Danville, Kentucky 40423-0087.
3. The Articles of Incorporation and all amendments thereto for Inter-County were filed with the Commission in PSC Case No. 9486, Increase in Retail Rates of Inter-County Rural Electric Cooperative Corporation (807 KAR 5:001, Section 8(3)).
4. As of April 30, 2010, Inter-County serves 25,283 member-customers. It has 3,734 miles of distribution lines in its twelve county service territory and owns additional facilities necessary to support this distribution system. The total original cost of these distribution lines and additional facilities as of April 30, 2010 is \$97,734,696.

5. The financial exhibit, as required by 807 KAR 5:001, Section 11(2)(a) is attached as Exhibit 1 of this application.

6. Inter-County is not seeking authorization to issue any kinds of stock as part of this application.

7. Inter-County seeks to borrow from CoBank a total of \$5,002,198 and execute one note in conjunction with this borrowing from CoBank at fixed interest rate of 4.55%. The CoBank loan will be for a 16.1 year period and will equal the average life of the debt being refinanced. A copy of the approval letter from CoBank is attached in Exhibit 2 of this application. The CoBank loan will be secured under the provisions of a Restated Mortgage and Security Agreement being prepared by RUS.

8. Inter-County expects the actual payoff to be very close to the \$5,002,198. Inter-County proposes to adjust any difference via electronic payment to CoBank, which will allow the note with CoBank to stay at \$5,002,198.

9. Inter-County will use the proceeds from the CoBank loan to repay notes of the same amount outstanding to Rural Utilities Service ("RUS"). The notes being prepaid are listed in the CoBank proposal in Exhibit 2.

10. RUS has given notice to cooperatives that this type of refinancing is allowed under the Restated Mortgage and Security Agreement dated June 1, 2005 that is Exhibit 1.

11. The mortgages of Inter-County are listed in Exhibit 2, Attachment A of this application.

12. As no property is being acquired in conjunction with this financing, 807 KAR 5:001, Section 11(2)(c) is not applicable.

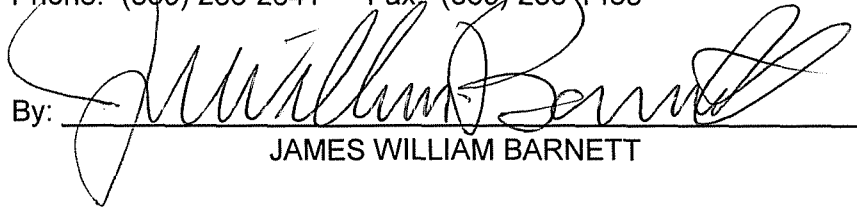
13. Additional information in support of this application is included in Exhibit 3 attached, including net present value analysis of the cash flows over the life of the loan. The nominal dollar savings are \$439,739, with a present value of \$299,312 discounted at the fixed interest rate of the new note.

WHEREFORE, Inter-County asks that the Commission issue an Order authorizing Inter-County to execute and issue evidences of indebtedness as security for the CoBank loan described herein, and for any other relief to which it may be entitled.

DATED at Danville, Kentucky this 14th day of June, 2010.

SHEEHAN, BARNETT, DEAN, PENNINGTON & LITTLE P.S.C.  
Counsel for Inter-County Energy Cooperative Corporation  
P. O. Box 1517 • Danville, KY 40422  
Phone: (859) 236-2641 • Fax: (859) 236-1483

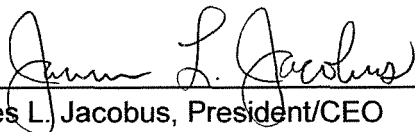
By: \_\_\_\_\_

A handwritten signature in black ink, appearing to read "James William Barnett", is written over a horizontal line. The signature is fluid and cursive.

JAMES WILLIAM BARNETT

VERIFICATION

The undersigned, James L. Jacobus, being first duly sworn, states that he is the President and Chief Executive Officer of Inter-County Energy Cooperative Corporation; that he has personal knowledge of the matters set forth in the foregoing application; and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

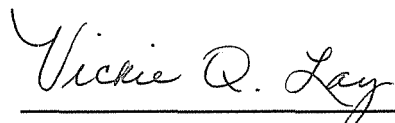
  
James L. Jacobus, President/CEO

STATE OF KENTUCKY

COUNTY OF BOYLE

Subscribed, sworn to and acknowledged before me by James L. Jacobus this 14<sup>th</sup> day of June 2010.

My Commission expires January 20, 2012.

  
Notary Public, State of Kentucky At Large

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

CASE NO. \_\_\_\_\_

INDEX OF EXHIBITS TO APPLICATION

MORTGAGE AGREEMENT

Exhibit 1 – Restated Mortgage and Security Agreement dated June 1, 2005

FINANCIAL EXHIBIT – 807 KAR 5:001, SECTION 6

- Exhibit 2 – Attachment A . . . . . Notes Executed
- Exhibit 2 – Attachment B . . . . . Statement of Operations
- Exhibit 2 – Attachment C . . . . . Financial & Statistical Report

SUPPLEMENTAL INFORMATION

- Exhibit 3 – Attachment A . . . . . Board Resolution
- Exhibit 3 – Attachment B . . . . . CoBank Proposal

RUS PROJECT DESIGNATION:

KENTUCKY 27-BA44 BOYLE

RESTATED MORTGAGE  
AND  
SECURITY AGREEMENT

made by and among

INTER-COUNTY ENERGY COOPERATIVE CORPORATION  
1009 Hustonville Road  
Danville, Kentucky 40422,

Mortgagor, and

UNITED STATES OF AMERICA  
Rural Utilities Service  
Washington, D.C. 20250-1500,

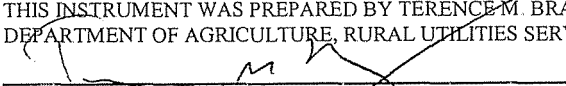
Mortgagee, and

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION  
2201 Cooperative Way  
Herndon, Virginia 20171-3025,

Mortgagee

Dated as of June 1, 2005

THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.  
THE DEBTOR AS MORTGAGOR IS A TRANSMITTING UTILITY.  
THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER REAL AND PERSONAL PROPERTY, FIXTURES, AFTER-ACQUIRED PROPERTY, PROCEEDS, FUTURE ADVANCES AND FUTURE OBLIGATIONS.  
NOTICE - THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF UP TO \$100,000,000.00.  
INDEBTEDNESS SECURED HEREUNDER, INCLUDING FUTURE INDEBTEDNESS, TOGETHER WITH INTEREST, ARE SENIOR TO INDEBTEDNESS TO OTHER CREDITORS UNDER MORTGAGES AND LIENS FILED OR RECORDED SUBSEQUENT HERETO.  
THIS INSTRUMENT WAS PREPARED BY TERENCE M. BRADY, ASSISTANT GENERAL COUNSEL, USDA, FOR UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL UTILITIES SERVICE, WASHINGTON, D.C. 20250-1500.

  
MORTGAGOR'S ORGANIZATIONAL IDENTIFICATION NUMBER IS 0024998.

No. 18

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C



RESTATED MORTGAGE AND SECURITY AGREEMENT, dated as of June 1, 2005 (hereinafter sometimes called this "Mortgage"), is made by and among INTER-COUNTY ENERGY COOPERATIVE CORPORATION (hereinafter called the "Mortgagor"), a corporation existing under the laws of the Commonwealth of Kentucky, and the UNITED STATES OF AMERICA acting by and through the Administrator of the Rural Utilities Service (hereinafter called the "Government") and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC"), a corporation existing under the laws of the District of Columbia, and is intended to confer rights and benefits on both the Government and CFC, as well as any and all other lenders pursuant to Article II of this Mortgage that enter into a supplemental mortgage in accordance with Section 2.04 of Article II hereof (the Government and CFC and any such other lenders being herein sometimes collectively referred to as the "Mortgagees").

### RECITALS

WHEREAS, the Mortgagor, the Government and CFC are parties to that certain Restated Mortgage and Security Agreement dated as of March 2, 1998, as supplemented, amended or restated (the "Original Mortgage" identified in Schedule "A" of this Mortgage) originally entered into among the Mortgagor, the Government acting by and through the Administrator of the Rural Electrification Administration, the predecessor of RUS, and CFC;

WHEREAS, the Mortgagor deems it necessary to borrow money for its corporate purposes and to issue its promissory notes and other debt obligations therefor from time to time in one or more series, and to mortgage and pledge its property hereinafter described or mentioned to secure the payment of the same;

WHEREAS, the Mortgagor desires to enter into this Mortgage pursuant to which all secured debt of the Mortgagor hereunder shall be secured on parity;

WHEREAS, this Mortgage restates and consolidates the Original Mortgage while preserving the priority of the Lien under the Original Mortgage securing the payment of Mortgagor's outstanding obligations secured under the Original Mortgage, which indebtedness is described more particularly by listing the Original Notes in Schedule "A" hereto; and

WHEREAS, all acts necessary to make this Mortgage a valid and binding legal instrument for the security of such notes and obligations, subject to the terms of this Mortgage, have been in all respects duly authorized;

NOW, THEREFORE, THIS MORTGAGE WITNESSETH: That to secure the payment of the principal of (and premium, if any) and interest on the Original Notes and all Notes issued hereunder according to their tenor and effect, and the performance of all provisions therein and herein contained, and in consideration of the covenants herein contained, the purchase or guarantee of Notes by the guarantors or holders thereof, and other good and valuable consideration, the Mortgagor has mortgaged, pledged and granted a continuing security interest in, and by these presents does hereby grant, bargain, sell, alienate, remise, release, convey, assign, transfer, hypothecate, pledge, set over and confirm, pledge, and grant a continuing security interest and lien in for the purposes hereinafter expressed, unto the Mortgagees all property, assets, rights, privileges and franchises of the Mortgagor of every kind and description, real, personal or mixed, tangible and intangible, of the kind or nature specifically mentioned herein OR ANY OTHER KIND OR NATURE, except any Excepted Property, now owned or hereafter acquired or arising by the Mortgagor (by purchase, consolidation, merger, donation, construction, erection or in any other way) wherever located, including (without limitation) all and singular the following:

### GRANTING CLAUSE FIRST

- A. all of those fee and leasehold interests in real property set forth in Schedule "B" hereto, subject in each case to those matters set forth in such Schedule;
- B. all of the Mortgagor's interest in fixtures, easements, permits, licenses and rights-of-way comprising real

property, and all other interests in real property, comprising any portion of the Utility System (as herein defined) located in the Counties listed in Schedule "B" hereto;

- C. all right, title and interest of the Mortgagor in and to those contracts of the Mortgagor
- (i) relating to the ownership, operation or maintenance of any generation, transmission or distribution facility owned, whether solely or jointly, by the Mortgagor,
  - (ii) for the purchase of electric power and energy by the Mortgagor and having an original term in excess of 3 years,
  - (iii) for the sale of electric power and energy by the Mortgagor and having an original term in excess of 3 years, and
  - (iv) for the transmission of electric power and energy by or on behalf of the Mortgagor and having an original term in excess of 3 years, including in respect of any of the foregoing, any amendments, supplements and replacements thereto;
- D. all the property, rights, privileges, allowances and franchises particularly described in the annexed Schedule "B" are hereby made a part of, and deemed to be described in, this Granting Clause as fully as if set forth in this Granting Clause at length; and

ALSO ALL OTHER PROPERTY, real estate, lands, easements, servitudes, licenses, permits, allowances, consents, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same; all power sites, storage rights, water rights, water locations, water appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, waterways, dams, dam sites, aqueducts, and all other rights or means for appropriating, conveying, storing and supplying water; all rights of way and roads; all plants for the generation of electric and other forms of energy (whether now known or hereafter developed) by steam, water, sunlight, chemical processes and/or (without limitation) all other sources of power (whether now known or hereafter developed); all power houses, gas plants, street lighting systems, standards and other equipment incidental thereto; all telephone, radio, television and other communications, image and data transmission systems, air conditioning systems and equipment incidental thereto, water wheels, waterworks, water systems, steam and hot water plants, substations, lines, service and supply systems, bridges, culverts, tracks, ice or refrigeration plants and equipment, offices, buildings and other structures and the equipment thereto, all machinery, engines, boilers, dynamos, turbines, electric, gas and other machines, prime movers, regulators, meters, transformers, generators (including, but not limited to, engine-driven generators and turbo generator units), motors, electrical, gas and mechanical appliances, conduits, cables, water, steam, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, towers, overhead conductors and devices, underground conduits, underground conductors and devices, wires, cables, tools, implements, apparatus, storage battery equipment, and all other equipment, fixtures and personalty; all municipal and other franchises, consents, certificates or permits; all emissions allowances; all lines for the transmission and distribution of electric current and other forms of energy, gas, steam, water or communications, images and data for any purpose including towers, poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith, and (except as hereinbefore or hereinafter expressly excepted) all the right, title and interest of the Mortgagor in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or employed in connection with any property hereinbefore described, but in all circumstances excluding Excepted Property;

#### **GRANTING CLAUSE SECOND**

With the exception of Excepted Property, all right, title and interest of the Mortgagor in, to and under all personal property and fixtures of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper, electronic chattel paper, deposit accounts (including, but not limited to, money held in a trust account

pursuant hereto or to a loan agreement), letter-of-credit rights, investment property (including certificated and uncertificated securities, security entitlements and securities accounts), software, general intangibles (including, but not limited to, payment intangibles), supporting obligations, any other contract rights or rights to the payment of money, insurance claims, and proceeds (as such terms are presently or hereinafter defined in the applicable UCC; provided, however that the term "instrument" shall be such term as defined in Article 9 of the applicable UCC rather than Article 3);

#### **GRANTING CLAUSE THIRD**

With the exception of Excepted Property, all right, title and interest of the Mortgagor in, to and under any and all agreements, leases or contracts heretofore or hereafter executed by and between the Mortgagor and any person, firm or corporation relating to the Mortgaged Property (including contracts for the lease, occupancy or sale of the Mortgaged Property, or any portion thereof);

#### **GRANTING CLAUSE FOURTH**

With the exception of Excepted Property, all right title and interest of the Mortgagor in, to and under any and all books, records and correspondence relating to the Mortgaged Property, including, but not limited to all records, ledgers, leases and computer and automatic machinery software and programs, including without limitation, programs, databases, disc or tape files and automatic machinery print outs, runs and other computer prepared information indicating, summarizing, evidencing or otherwise necessary or helpful in the collection of or realization on the Mortgaged Property;

#### **GRANTING CLAUSE FIFTH**

All other property, real, personal or mixed, of whatever kind and description and wheresoever situated, including without limitation goods, accounts, money held in a trust account pursuant hereto or to a loan agreement, and general intangibles now owned or which may be hereafter acquired by the Mortgagor, but excluding Excepted Property, now owned or which may be hereafter acquired by the Mortgagor, it being the intention hereof that all property, rights, privileges, allowances and franchises now owned by the Mortgagor or acquired by the Mortgagor after the date hereof (other than Excepted Property) shall be as fully embraced within and subjected to the lien hereof as if such property were specifically described herein;

#### **GRANTING CLAUSE SIXTH**

Also any Excepted Property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof by the Mortgagor or by anyone in its behalf; and any Mortgagee is hereby authorized to receive the same at any time as additional security hereunder for the benefit of all the Mortgagees. Such subjection to the lien hereof of any Excepted Property as additional security may be made subject to any reservations, limitations or conditions which shall be set forth in a written instrument executed by the Mortgagor or the person so acting in its behalf or by such Mortgagee respecting the use and disposition of such property or the proceeds thereof;

#### **GRANTING CLAUSE SEVENTH**

Together with (subject to the rights of the Mortgagor set forth in Section 5.01) all and singular the tenements, hereditaments and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and all the tolls, earnings, rents, issues, profits, revenues and other income, products and proceeds of the property subjected or required to be subjected to the lien of this Mortgage, and all other property of any nature appertaining to any of the plants, systems, business or operations of the Mortgagor, whether or not affixed to the realty, used in the operation of any of the premises or plants or the Utility System, or otherwise, which are now owned or acquired by the Mortgagor, and all the estate, right, title and interest of every nature whatsoever, at law as well as in equity, of the Mortgagor in and to the same and every part thereof (other than Excepted Property with respect to any of the foregoing).

## EXCEPTED PROPERTY

There is, however, expressly excepted and excluded from the lien and operation of this Mortgage the following described property of the Mortgagor, now owned or hereafter acquired (herein sometimes referred to as "Excepted Property"):

- A. all shares of stock, securities or other interests of the Mortgagor in the National Rural Utilities Cooperative Finance Corporation and CoBank, ACB and its predecessors in interest other than any stock, securities or other interests that are specifically described in Subclause D of Granting Clause First as being subjected to the lien hereof;
- B. all rolling stock (except mobile substations), automobiles, buses, trucks, truck cranes, tractors, trailers and similar vehicles and movable equipment which are titled and/or registered in any state of the United States of America, and all tools, accessories and supplies used in connection with any of the foregoing;
- C. all vessels, boats, ships, barges and other marine equipment, all airplanes, airplane engines and other flight equipment, and all tools, accessories and supplies used in connection with any of the foregoing;
- D. all office furniture, equipment and supplies that is not data processing, accounting or other computer equipment or software;
- E. all leasehold interests for office purposes;
- F. all leasehold interests of the Mortgagor under leases for an original term (including any period for which the Mortgage shall have a right of renewal) of less than five (5) years;
- G. all timber and crops (both growing and harvested) and all coal, ore, gas, oil and other minerals (both in place or severed);
- H. the last day of the term of each leasehold estate (oral or written) and any agreement therefor, now or hereafter enjoyed by the Mortgagor and whether falling within a general or specific description of property herein: PROVIDED, HOWEVER, that the Mortgagor covenants and agrees that it will hold each such last day in trust for the use and benefit of all of the Mortgagees and Noteholders and that it will dispose of each such last day from time to time in accordance with such written order as the Mortgagee in its discretion may give;
- I. all permits, licenses, franchises, contracts, agreements, contract rights and other rights not specifically subjected or required to be subjected to the lien hereof by the express provisions of this Mortgage, whether now owned or hereafter acquired by the Mortgagor, which by their terms or by reason of applicable law would become void or voidable if mortgaged or pledged hereunder by the Mortgagor, or which cannot be granted, conveyed, mortgaged, transferred or assigned by this Mortgage without the consent of other parties whose consent has been withheld, or without subjecting any Mortgagee to a liability not otherwise contemplated by the provisions of this Mortgage, or which otherwise may not be, hereby lawfully and effectively granted, conveyed, mortgaged, transferred and assigned by the Mortgagor; and
- J. the property identified in Schedule "C" hereto.

PROVIDED, HOWEVER, that (i) if, upon the occurrence of an Event of Default, any Mortgagee, or any receiver appointed pursuant to statutory provision or order of court, shall have entered into possession of all or substantially all of the Mortgaged Property, all the Excepted Property described or referred to in the foregoing Subdivisions A through H, inclusive, then owned or thereafter acquired by the Mortgagor shall immediately, and, in the case of any Excepted Property described or referred to in Subdivisions I through J, inclusive, upon demand of any Mortgagee or such receiver, become subject to the lien hereof to the extent permitted by law, and any Mortgagee or such receiver may, to the extent permitted by law, at the same time likewise take possession thereof, and (ii)

whenever all Events of Default shall have been cured and the possession of all or substantially all of the Mortgaged Property shall have been restored to the Mortgagor, such Excepted Property shall again be excepted and excluded from the lien hereof to the extent and otherwise as hereinabove set forth.

However, pursuant to Granting Clause Sixth, the Mortgagor may subject to the lien of this Mortgage any Excepted Property, whereupon the same shall cease to be Excepted Property;

## HABENDUM

TO HAVE AND TO HOLD all said property, rights, privileges and franchises of every kind and description, real, personal or mixed, hereby and hereafter (by supplemental mortgage or otherwise) granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, encumbered, hypothecated, pledged, set over, confirmed, or subjected to a continuing security interest and lien as aforesaid, together with all the appurtenances thereto appertaining (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited with any Mortgagee (other than any such cash, if any, which is specifically stated herein not to be deemed part of the Mortgaged Property), being herein collectively called the "Mortgaged Property") unto the Mortgagees and the respective assigns of the Mortgagees forever, to secure equally and ratably the payment of the principal of (and premium, if any) and interest on the Notes, according to their terms, without preference, priority or distinction as to interest or principal (except as otherwise specifically provided herein) or as to lien or otherwise of any Note over any other Note by reason of the priority in time of the execution, delivery or maturity thereof or of the assignment or negotiation thereof, or otherwise, and to secure the due performance of all of the covenants, agreements and provisions herein and in the Loan Agreements contained, and for the uses and purposes and upon the terms, conditions, provisos and agreements hereinafter expressed and declared.

SUBJECT, HOWEVER, to Permitted Encumbrances (as defined in Section 1.01).

## ARTICLE I

### DEFINITIONS & OTHER PROVISIONS OF GENERAL APPLICATION

#### Section 1.01. Definitions.

In addition to the terms defined elsewhere in this Mortgage, the terms defined in this Article I shall have the meanings specified herein and under the UCC, unless the context clearly requires otherwise. The terms defined herein include the plural as well as the singular and the singular as well as the plural.

**Accounting Requirements** shall mean the requirements of any system of accounts prescribed by RUS so long as the Government is the holder, insurer or guarantor of any Notes, or, in the absence thereof, the requirements of generally accepted accounting principles applicable to businesses similar to that of the Mortgagor.

**Additional Notes** shall mean any Government Notes issued by the Mortgagor to the Government or guaranteed or insured as to payment by the Government and any Notes issued by the Mortgagor to any other lender, in either case pursuant to Article II of this Mortgage, including any refunding, renewal, or substitute Notes or Government Notes which may from time to time be executed and delivered by the Mortgagor pursuant to the terms of Article II.

**Board** shall mean either the Board of Directors or the Board of Trustees, as the case may be, of the Mortgagor.

**Business Day** shall mean any day that the Government is open for business.

**Debt Service Coverage Ratio ("DSC")** shall mean the ratio determined as follows: for each calendar year add

- (i) Patronage Capital or Margins of the Mortgagor,
- (ii) Interest Expense on Total Long Term Debt of the Mortgagor (as computed in accordance with the principles set forth in the definition of TIER) and
- (iii) Depreciation and Amortization Expense of the Mortgagor, and divide the total so obtained by an amount equal to the sum of all payments of principal and interest required to be made on account of Total Long-Term Debt during such calendar year increasing said sum by any addition to interest expense on account of Restricted Rentals as computed with respect to the Times Interest Earned Ratio herein.

**Depreciation and Amortization Expense** shall mean an amount constituting the depreciation and amortization of the Mortgagor as computed pursuant to Accounting Requirements.

**Electric System** shall mean, and shall be broadly construed to encompass and include, all of the Mortgagor's interests in all electric production, transmission, distribution, conservation, load management, general plant and other related facilities, equipment or property and in any mine, well, pipeline, plant, structure or other facility for the development, production, manufacture, storage, fabrication or processing of fossil, nuclear or other fuel of any kind or in any facility or rights with respect to the supply of water, in each case for use, in whole or in major part, in any of the Mortgagor's generating plants, now existing or hereafter acquired by lease, contract, purchase or otherwise or constructed by the Mortgagor, including any interest or participation of the Mortgagor in any such facilities or any rights to the output or capacity thereof, together with all additions, betterments, extensions and improvements to such Electric System or any part thereof hereafter made and together with all lands, easements and rights-of-way of the Mortgagor and all other works, property or structures of the Mortgagor and contract rights and other tangible and intangible assets of the Mortgagor used or useful in connection with or related to such Electric System, including without limitation a contract right or other contractual arrangement referred to in Granting Clause First, Subclause C, but excluding any Excepted Property.

**Environmental Law and Environmental Laws** shall mean all federal, state, and local laws, regulations, and requirements related to protection of human health or the environment, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.), the Clean Water Act (33 U.S.C. 1251 et seq.) and the Clean Air Act (42 U.S.C. 7401 et seq.), and any amendments and implementing regulations of such acts.

**Equity** shall mean the total margins and equities computed pursuant to Accounting Requirements, but excluding any Regulatory Created Assets.

**Event of Default** shall have the meaning specified in Section 4.01 hereof.

**Excepted Property** shall have the meaning stated in the Granting Clauses.

**Government** shall mean the United States of America acting by and through the Administrator of RUS or REA and shall include its successors and assigns.

**Government Notes** shall mean the Original Notes, and any Additional Notes, issued by the Mortgagor to the Government, or guaranteed or insured as to payment by the Government.

**Independent** shall mean when used with respect to any specified person or entity means such a person or entity who (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in the Mortgagor or in any affiliate of the Mortgagor and (3) is not connected with the Mortgagor as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

**Interest Expense** shall mean an amount constituting the interest expense of the Mortgagor as computed pursuant to Accounting Requirements.

**Lien** shall mean any statutory or common law or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the UCC.

**Loan Agreement** shall mean any agreement executed by and between the Mortgagor and the Government or any other lender in connection with the execution and delivery of any Notes secured hereby.

**Long-Term Debt** shall mean any amount included in Total Long-Term Debt pursuant to Accounting Requirements.

**Long-Term Lease** shall mean a lease having an unexpired term (taking into account terms of renewal at the option of the lessor, whether or not such lease has previously been renewed) of more than 12 months.

**Margins** shall mean the sum of amounts recorded as operating margins and non-operating margins as computed in accordance with Accounting Requirements.

**Maximum Debt Limit**, if any, shall mean the amount more particularly described in Schedule "A" hereof.

**Mortgage** shall mean this Restated Mortgage and Security Agreement, including any amendments or supplements thereto from time to time.

**Mortgaged Property** shall have the meaning specified as stated in the Habendum to the Granting Clauses.

**Mortgagee or Mortgagees** shall mean the parties identified in the first paragraph of this instrument as the Mortgagees, as well as any and all other entities that become a Mortgagee pursuant to Article II of this Mortgage by entering into a supplemental mortgage in accordance with Section 2.04 of Article II hereof. The term also includes in all cases the successors and assigns of any Mortgagee.

**Net Utility Plant** shall mean the amount constituting the total utility plant of the Mortgagor less depreciation computed in accordance with Accounting Requirements.

**Note or Notes** shall mean one or more of the Government Notes, and any other Notes which may, from time to time, be secured under this Mortgage.

**Noteholder or Noteholders** shall mean one or more of the holders of Notes secured by this Mortgage; PROVIDED, however, that in the case of any Notes that have been guaranteed or insured as to payment by the Government, as to such Notes, Noteholder or Noteholders shall mean the Government, exclusively, regardless of whether such Notes are in the possession of the

Government.

**Original Mortgage** means the instrument(s) identified as such in Schedule "A" hereof.

**Original Notes** shall mean the Notes listed on Schedule "A" hereto as such, such Notes being instruments evidencing outstanding indebtedness of the Mortgagor (i) to the Government (including indebtedness which has been issued by the Mortgagor to a third party and guaranteed or insured as to payment by the Government) and (ii) to each other Mortgagee on the date of this Mortgage.

**Outstanding Notes** shall mean as of the date of determination, (i) all Notes theretofore issued, executed and delivered to any Mortgagee and (ii) any Notes guaranteed or insured as to payment by the Government, except (a) Notes referred to in clause (i) or (ii) for which the principal and interest have been fully paid and which have been canceled by the Noteholder, and (b) Notes the payment for which has been provided for pursuant to Section 5.03.

**Permitted Debt** shall have the meaning specified in Section 3.08.

**Permitted Encumbrances** shall mean:

- (1) as to the property specifically described in Granting Clause First, the restrictions, exceptions, reservations, conditions, limitations, interests and other matters which are set forth or referred to in such descriptions and each of which fits one or more of the clauses of this definition, PROVIDED, such matters do not in the aggregate materially detract from the value of the Mortgaged Property taken as a whole and do not materially impair the use of such property for the purposes for which it is held by the Mortgagor;
- (2) liens for taxes, assessments and other governmental charges which are not delinquent;
- (3) liens for taxes, assessments and other governmental charges already delinquent which are currently being contested in good faith by appropriate proceedings; PROVIDED the Mortgagor shall have set aside on its books adequate reserves with respect thereto;
- (4) mechanics', workmen's, repairmen's, materialmen's, warehousemen's and carriers' liens and other similar liens arising in the ordinary course of business for charges which are not delinquent, or which are being contested in good faith and have not proceeded to judgment; PROVIDED the Mortgagor shall have set aside on its books adequate reserves with respect thereto;
- (5) liens in respect of judgments or awards with respect to which the Mortgagor shall in good faith currently be prosecuting an appeal or proceedings for review and with respect to which the Mortgagor shall have secured a stay of execution pending such appeal or proceedings for review; PROVIDED the Mortgagor shall have set aside on its books adequate reserves with respect thereto;
- (6) easements and similar rights granted by the Mortgagor over or in respect of any Mortgaged Property, PROVIDED that in the opinion of the Board or a duly authorized officer of the Mortgagor such grant will not impair the usefulness of such property in the conduct of the Mortgagor's business and will not be prejudicial to the interests of the Mortgagees, and similar rights granted by any predecessor in title of the Mortgagor;
- (7) easements, leases, reservations or other rights of others in any property of the Mortgagor for streets, roads, bridges, pipes, pipe lines, railroads, electric transmission and distribution lines, telegraph and telephone lines, the removal of oil, gas, coal or other minerals and other similar



purposes, flood rights, river control and development rights, sewage and drainage rights, restrictions against pollution and zoning laws and minor defects and irregularities in the record evidence of title, PROVIDED that such easements, leases, reservations, rights, restrictions, laws, defects and irregularities do not materially affect the marketability of title to such property and do not in the aggregate materially impair the use of the Mortgaged Property taken as a whole for the purposes for which it is held by the Mortgagor;

- (8) liens upon lands over which easements or rights of way are acquired by the Mortgagor for any of the purposes specified in Clause (7) of this definition, securing indebtedness neither created, assumed nor guaranteed by the Mortgagor nor on account of which it customarily pays interest, which liens do not materially impair the use of such easements or rights of way for the purposes for which they are held by the Mortgagor;
- (9) leases existing at the date of this instrument affecting property owned by the Mortgagor at said date which have been previously disclosed to the Mortgagees in writing and leases for a term of not more than two years (including any extensions or renewals) affecting property acquired by the Mortgagor after said date;
- (10) terminable or short term leases or permits for occupancy, which leases or permits expressly grant to the Mortgagor the right to terminate them at any time on not more than six months' notice and which occupancy does not interfere with the operation of the business of the Mortgagor;
- (11) any lien or privilege vested in any lessor, licensor or permittor for rent to become due or for other obligations or acts to be performed, the payment of which rent or performance of which other obligations or acts is required under leases, subleases, licenses or permits, so long as the payment of such rent or the performance of such other obligations or acts is not delinquent;
- (12) liens or privileges of any employees of the Mortgagor for salary or wages earned but not yet payable;
- (13) the burdens of any law or governmental regulation or permit requiring the Mortgagor to maintain certain facilities or perform certain acts as a condition of its occupancy of or interference with any public lands or any river or stream or navigable waters;
- (14) any irregularities in or deficiencies of title to any rights-of-way for pipe lines, telephone lines, telegraph lines, power lines or appurtenances thereto, or other improvements thereon, and to any real estate used or to be used primarily for right-of-way purposes, PROVIDED that in the opinion of counsel for the Mortgagor, the Mortgagor shall have obtained from the apparent owner of the lands or estates therein covered by any such right-of-way a sufficient right, by the terms of the instrument granting such right-of-way, to the use thereof for the construction, operation or maintenance of the lines, appurtenances or improvements for which the same are used or are to be used, or PROVIDED that in the opinion of counsel for the Mortgagor, the Mortgagor has power under eminent domain, or similar statutes, to remove such irregularities or deficiencies;
- (15) rights reserved to, or vested in, any municipality or governmental or other public authority to control or regulate any property of the Mortgagor, or to use such property in any manner, which rights do not materially impair the use of such property, for the purposes for which it is held by the Mortgagor;
- (16) any obligations or duties, affecting the property of the Mortgagor, to any municipality or governmental or other public authority with respect to any franchise, grant, license or permit;
- (17) any right which any municipal or governmental authority may have by virtue of any franchise,

license, contract or statute to purchase, or designate a purchaser of or order the sale of, any property of the Mortgagor upon payment of cash or reasonable compensation therefor or to terminate any franchise, license or other rights or to regulate the property and business of the Mortgagor; PROVIDED, HOWEVER, that nothing in this clause 17 is intended to waive any claim or rights that the Government may otherwise have under Federal laws;

- (18) as to properties of other operating electric companies acquired after the date of this Mortgage by the Mortgagor as permitted by Section 3.10 hereof, reservations and other matters as to which such properties may be subject as more fully set forth in such Section;
- (19) any lien required by law or governmental regulations as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Mortgagor to maintain self-insurance or to participate in any fund established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements; PROVIDED, HOWEVER, that nothing in this clause 19 is intended to waive any claim or rights that the Government may otherwise have under Federal laws;
- (20) liens arising out of any defeased mortgage or indenture of the Mortgagor;
- (21) the undivided interest of other owners, and liens on such undivided interests, in property owned jointly with the Mortgagor as well as the rights of such owners to such property pursuant to the ownership contracts;
- (22) any lien or privilege vested in any lessor, licensor or permittor for rent to become due or for other obligations or acts to be performed, the payment of which rent or the performance of which other obligations or acts is required under leases, subleases, licenses or permits, so long as the payment of such rent or the performance of such other obligations or acts is not delinquent;
- (23) purchase money mortgages permitted by Section 3.08;
- (24) the Original Mortgage;
- (25) this Mortgage.

**Property Additions** shall mean Utility System property as to which the Mortgagor shall provide Title Evidence and which shall be (or, if retired, shall have been) subject to the lien of this Mortgage, which shall be properly chargeable to the Mortgagor's utility plant accounts under Accounting Requirements (including property constructed or acquired to replace retired property credited to such accounts) and which shall be:

- (1) acquired (including acquisition by merger, consolidation, conveyance or transfer) or constructed by the Mortgagor after the date hereof, including property in the process of construction, insofar as not reflected on the books of the Mortgagor with respect to periods on or prior to the date hereof, and
- (2) used or useful in the utility business of the Mortgagor conducted with the properties described in the Granting Clauses of this Mortgage, even though separate from and not physically connected with such properties.

"Property Additions" shall also include:

- (3) easements and rights-of-way that are useful for the conduct of the utility business of the Mortgagor, and
- (4) property located or constructed on, over or under public highways, rivers or other public property if the Mortgagor has the lawful right under permits, licenses or franchises granted by a governmental body having jurisdiction in the premises or by the law of the State in which such property is located to maintain and operate such property for an unlimited, indeterminate or indefinite period or for the period, if any, specified in such permit, license or franchise or law and to remove such property at the expiration of the period covered by such permit, license or franchise or law, or if the terms of such permit, license, franchise or law require any public authority having the right to take over such property to pay fair consideration therefor.

"Property Additions" shall NOT include:

- (a) good will, going concern value, contracts, agreements, franchises, licenses or permits, whether acquired as such, separate and distinct from the property operated in connection therewith, or acquired as an incident thereto, or
- (b) any shares of stock or indebtedness or certificates or evidences of interest therein or other securities, or
- (c) any plant or system or other property in which the Mortgagor shall acquire only a leasehold interest, or any betterments, extensions, improvements or additions (other than movable physical personal property which the Mortgagor has the right to remove), of, upon or to any plant or system or other property in which the Mortgagor shall own only a leasehold interest unless (i) the term of the leasehold interest in the property to which such betterment, extension, improvement or addition relates shall extend for at least 75% of the useful life of such betterment, extension, improvement or addition and (ii) the lessor shall have agreed to give the Mortgagee reasonable notice and opportunity to cure any default by the Mortgagor under such lease and not to disturb any Mortgagee's possession of such leasehold estate in the event any Mortgagee succeeds to the Mortgagor's interest in such lease upon any Mortgagee's exercise of any remedies under this Mortgage so long as there is no default in the performance of the tenant's covenants contained therein, or
- (d) any property of the Mortgagor subject to the Permitted Encumbrance described in clause (23) of the definition thereof.

**Prudent Utility Practice** shall mean any of the practices, methods and acts which, in the exercise of reasonable judgment, in light of the facts, including, but not limited to, the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result consistent with cost-effectiveness, reliability, safety and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to optimum practice, method or act to the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with cost-effectiveness, reliability, safety and expedition.

**REA** shall mean the Rural Electrification Administration of the United States Department of

Agriculture, the predecessor of RUS.

**Regulatory Created Assets** shall mean the sum of any amounts properly recordable as unrecovered plant and regulatory study costs or as other regulatory assets, pursuant to Accounting Requirements.

**Restricted Rentals** shall mean all rentals required to be paid under finance leases and charged to income, exclusive of any amounts paid under any such lease (whether or not designated therein as rental or additional rental) for maintenance or repairs, insurance, taxes, assessments, water rates or similar charges. For the purpose of this definition the term "finance lease" shall mean any lease having a rental term (including the term for which such lease may be renewed or extended at the option of the lessee) in excess of 3 years and covering property having an initial cost in excess of \$250,000 other than aircraft, ships, barges, automobiles, trucks, trailers, rolling stock and vehicles; office, garage and warehouse space; office equipment and computers.

**RUS** shall mean the Rural Utilities Service, an agency of the United States Department of Agriculture, or if at any time after the execution of this Mortgage RUS is not existing and performing the duties of administering a program of rural electrification as currently assigned to it, then the entity performing such duties at such time.

**Security Interest** shall mean any assignment, transfer, mortgage, hypothecation or pledge.

**Subordinated Indebtedness** shall mean secured indebtedness of the Mortgagor, payment of which shall be subordinated to the prior payment of the Notes in accordance with the provisions of Section 3.08 hereof by subordination agreement in form and substance satisfactory to each Mortgagee which approval will not be unreasonably withheld.

**Supplemental Mortgage** shall mean an instrument of the type described in Section 2.04.

**Times Interest Earned Ratio ("TIER")** shall mean the ratio determined as follows: for each calendar year: add (i) patronage capital or margins of the Mortgagor and (ii) Interest Expense on Total Long-Term Debt of the Mortgagor and divide the total so obtained by Interest Expense on Total Long-Term Debt of the Mortgagor, provided, however, that in computing Interest Expense on Total Long-Term Debt, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the excess of Restricted Rentals paid by the Mortgagor over 2% of the Mortgagor's Equity.

**Title Evidence** shall mean with respect to any real property:

- (1) an opinion of counsel to the effect that the Mortgagor has title, whether fairly deducible of record or based upon prescriptive rights (or, as to personal property, based on such evidence as counsel shall determine to be sufficient), as in the opinion of counsel is satisfactory for the use thereof in connection with the operations of the Mortgagor, and counsel in giving such opinion may disregard any irregularity or deficiency in the record evidence of title which, in the opinion of such counsel, can be cured by proceedings within the power of the Mortgagor or does not substantially impair the usefulness of such property for the purpose of the Mortgagor and may base such opinion upon counsel's own investigation or upon affidavits, certificates, abstracts of title, statements or investigations made by persons in whom such counsel has confidence or upon examination of a certificate or guaranty of title or policy of title insurance in which counsel has confidence; or

- (2) a mortgagee's policy of title insurance in the amount of the cost to the Mortgagor of the land included in Property Additions, as such cost is determined by the Mortgagor in accordance with the Accounting Requirements, issued in favor of the Mortgagees by an entity authorized to insure title in the states where the subject property is located, showing the Mortgagor as the owner of the subject property and insuring the lien of this Mortgage; and with respect to any personal property a certificate of the general manager or other duly authorized officer that the Mortgagor lawfully owns and is possessed of such property.

**Total Assets** shall mean an amount constituting total assets of the Mortgagor as computed pursuant to Accounting Requirements, but excluding any Regulatory Created Assets.

**Total Long-Term Debt** shall mean the total outstanding long-term debt of the Mortgagor as computed pursuant to Accounting Requirements.

**Total Utility Plant** shall mean the total of all property properly recorded in the utility plant accounts of the Mortgagor, pursuant to Accounting Requirements.

**Uniform Commercial Code or UCC** shall mean the UCC of the state referred to in Section 1.04, and if Mortgaged Property is located in a state other than that state, then as to such Mortgaged Property UCC refers to the UCC in effect in the state where such property is located.

**Utility System** shall mean the Electric System and all of the Mortgagor's interest in community infrastructure located substantially within its electric service territory, namely water and waste systems, solid waste disposal facilities, telecommunications and other electronic communications systems, and natural gas distribution systems.

**Section 1.02. General Rules of Construction:**

- a. Accounting terms not defined in Section 1.01 are used in this Mortgage in their ordinary sense and any computations relating to such terms shall be computed in accordance with the Accounting Requirements.
- b. Any reference to "directors" or "board of directors" shall be deemed to mean "trustees" or "board of trustees," as the case may be.

**Section 1.03. Special Rules of Construction if RUS is a Mortgagee:**

During any period that RUS is a Mortgagee, the following additional provisions shall apply:

- a. In the case of any Notes that have been guaranteed or insured as to payment by RUS, as to such Notes RUS shall be considered to be the Noteholder, exclusively, regardless of whether such Notes are in the possession of RUS.
- b. In the case of any prior approval rights conferred upon RUS by Federal statutes, including (without limitation) Section 7 of the Rural Electrification Act of 1936, as amended, with respect to the sale or disposition of property, rights, or franchises of the Mortgagor, all such statutory rights are reserved except to the extent that they are expressly modified or waived in this Mortgage.

**Section 1.04. Governing Law:**

This Mortgage shall be construed in and governed by Federal law to the extent applicable, and otherwise by the laws of the state listed on Schedule "A" hereto.

**Section 1.05 Notices:**

All demands, notices, reports, approvals, designations, or directions required or permitted to be given hereunder shall be in writing and shall be deemed to be properly given if sent by registered or certified mail, postage prepaid, or delivered by hand, or sent by facsimile transmission, receipt confirmed, addressed to the proper party or parties at the addresses listed on Schedule "A" hereto, and as to any other person, firm, corporation or governmental body or agency having an interest herein by reason of being a Mortgagee, at the last address designated by such person, firm, corporation, governmental body or agency to the Mortgagor and the other Mortgagees. Any such party may from time to time designate to each other a new address to which demands, notices, reports, approvals, designations or directions may be addressed, and from and after any such designation the address designated shall be deemed to be the address of such party in lieu of the address given above.

**ARTICLE II**

**ADDITIONAL NOTES**

**Section 2.01. Additional Notes:**

- (a) Without the prior consent of any Mortgagee or any Noteholder, the Mortgagor may issue Additional Notes to the Government or to another lender or lenders for the purpose of acquiring, procuring or constructing new or replacement Eligible Property Additions and such Additional Notes will thereupon be secured equally and ratably with the Notes if each of the following requirements are satisfied:
  - (1) As evidenced by a certificate of an Independent certified public accountant sent to each Mortgagee on or before the first advance of proceeds from such Additional Notes:
    - (i) The Mortgagor shall have achieved for each of the two calendar years immediately preceding the issuance of such Additional Notes, a TIER of not less than 1.25 and a DSC of not less than 1.25;
    - (ii) After taking into account the effect of such Additional Notes on the Total Long Term Debt of the Mortgagor, the ratio of the Mortgagor's Net Utility Plant to its Total Long Term Debt shall be greater than or equal to 1.0 on a pro forma basis;
    - (iii) After taking into account the effect of such Additional Notes on the Total Assets of such Mortgagor, the Mortgagor shall have Equity greater than or equal to 27 percent of Total Assets on a pro forma basis; and
    - (iv) The sum of the aggregate principal amount of such Additional Notes (if any) that are not related to the Electric System if added to the

aggregate outstanding principal amount of all the existing Notes (if any) that are not related to the Electric System will not exceed 30% of the Mortgagor's Equity on a pro forma basis.

- (2) No Event of Default has occurred and is continuing hereunder, or any event which with the giving of notice or lapse of time or both would become an Event of Default has occurred and is continuing.
  - (3) The Eligible Property Additions being constructed, acquired, procured or replaced are part of the Mortgagor's Utility System.
  - (4) The Mortgagor's general manager or other duly authorized officer shall send to each of the Mortgagees a certificate in substantially the form attached hereto as Exhibit A on or before the date of the first advance of proceeds from such Additional Notes.
- (b) For purposes of this section:
- (1) "Eligible Property Additions" shall mean Property Additions acquired or whose construction was completed not more than 5 years prior to the issuance of the Additional Notes and Property Additions acquired or whose construction is started and/or completed not more than 4 years after issuance of the Additional Notes, but shall exclude any Property Additions financed by any other debt secured under the Mortgage at the time additional Notes are issued;
  - (2) Notes are considered to be "issued" on, and the date of "issuance" shall be, the date on which they are executed by the Mortgagor; and
  - (3) For purposes of calculating the pro forma ratios in subparagraphs (a)(1)(ii) and (iii), the values for Total Long Term Debt and Total Assets before debt issuance and the values for Equity and Net Utility Plant shall be the most recently available end-of-month figures preceding the issuance of the Additional Notes, but in no case for a month ending more than 180 days preceding such issuance.

**Section 2.02. Refunding or Refinancing Notes:**

The Mortgagor shall also have the right without the consent of any Mortgagee or any Noteholder to issue Additional Notes for the purpose of refunding or refinancing any Notes so long as the total amount of outstanding indebtedness evidenced by such Additional Note or Notes is not greater than 105% of the then outstanding principal balance of the Note or Notes being refunded or refinanced. PROVIDED, HOWEVER, that the Mortgagor may not exercise its rights under this Section if an Event of Default has occurred and is continuing, or any event which with the giving of notice or lapse of time or both would become an Event of Default has occurred and is continuing. On or before the first advance of proceeds from Additional Notes issued under this section, the Mortgagor shall notify each Mortgagee of the refunding or refinancing. Additional Notes issued pursuant to this Section 2.02 will thereupon be secured equally and ratably with the Notes.

**Section 2.03. Other Additional Notes:**

With the prior written consent of each Mortgagee, the Mortgagor may issue Additional Notes to the Government or any lender or lenders, which Notes will thereupon be secured equally and ratably with Notes without regard to whether any of the requirements of Sections 2.01 or 2.02 are satisfied.

**Section 2.04. Additional Lenders Entitled to the Benefit of This Mortgage:**

Without the prior consent of any Mortgagee or any Noteholder, each new lender designated as a payee in any Additional Notes issued by the Mortgagor pursuant to Section 2.01 or 2.02 of this Mortgage shall become a Mortgagee hereunder upon the execution and delivery by the Mortgagor and such lender of a supplemental mortgage hereto designating such lender as a Mortgagee hereunder. Such new lender shall be entitled to the benefits of this Mortgage without further act or deed. Each Mortgagee and each person or entity that becomes a lender pursuant to Section 2.01 or 2.02 of this Mortgage shall, upon the request of the Mortgagor to do so, execute and deliver a supplement to this Mortgage in substantially the form set forth in Section 2.05 to evidence the addition of such new lender as an additional Mortgagee entitled to the benefits of this Mortgage. The failure of any existing Mortgagee to enter into such supplemental mortgage shall not deprive the new lender of its rights under this Mortgage; provided that such additional indebtedness otherwise conforms in all respects with the requirements for issuing Additional Notes under this Mortgage.

**Section 2.05. Form of Supplemental Mortgage:**

- (a) The form of supplemental mortgage referred to in Section 2.04 is attached to this Mortgage as Exhibit B and hereby incorporated by reference as if set forth in full at this point.
- (b) In the event that the Mortgagor subsequently issues Additional Notes pursuant to Sections 2.01 or 2.02 to any existing Mortgagee and that Mortgagee desires further assurance that such Additional Notes will be secured by the lien of the Mortgage, an instrument substantially in the form of the supplemental mortgage attached as Exhibit B may be used.
- (c) In the event that the Mortgagor issues Additional Notes pursuant to Section 2.03 to either an existing Mortgagee or a new lender, in either case with the prior written consent of each Mortgagee, then an instrument substantially in the form of the supplemental mortgage attached as Exhibit B may also be used.

**ARTICLE III**

**PARTICULAR COVENANTS OF THE MORTGAGOR**

**Section 3.01. Payment of Debt Service on Notes:**

The Mortgagor will duly and punctually pay the principal, premium, if any, and interest on the Notes in accordance with the terms of the Notes, the Loan Agreements, this Mortgage and any Supplemental Mortgage authorizing such Notes.



**Section 3.02. Warranty of Title:**

- (a) At the time of the execution and delivery of this instrument, the Mortgagor has good and marketable title in fee simple to the real property specifically described in Granting Clause First as owned in fee and good and marketable title to the interests in real property specifically described in Granting Clause First, subject to no mortgage, lien, charge or encumbrance except as stated therein, and has full power and lawful authority to grant, bargain, sell, alien, remise, release, convey, assign, transfer, encumber, mortgage, pledge, set over and confirm said real property and interests in real property in the manner and form aforesaid.
- (b) At the time of the execution and delivery of this instrument, the Mortgagor lawfully owns and is possessed of the personal property specifically described in Granting Clauses First through Seventh, subject to no mortgage, lien, charge or encumbrance except as stated therein, and has full power and lawful authority to mortgage, assign, transfer, deliver, pledge and grant a continuing security interest in said property and, including any proceeds thereof, in the manner and form aforesaid.
- (c) The Mortgagor hereby does and will forever warrant and defend the title to the property specifically described in Granting Clause First against the claims and demands of all persons whomsoever, except Permitted Encumbrances.

**Section 3.03. After-Acquired Property; Further Assurances; Recording:**

- (a) All property of every kind, other than Excepted Property, acquired by the Mortgagor after the date hereof, shall, immediately upon the acquisition thereof by the Mortgagor, and without any further mortgage, conveyance or assignment, become subject to the lien of this Mortgage; SUBJECT, HOWEVER, to Permitted Encumbrances and the exceptions, if any, to which all of the Mortgagees consent. Nevertheless, the Mortgagor will do, execute, acknowledge and deliver all and every such further acts, conveyances, mortgages, financing statements and assurances as any Mortgagee shall require for accomplishing the purposes of this Mortgage, including, but not limited to, at the request of any Mortgagee, taking such actions and executing and delivering such documents as are necessary under the Uniform Commercial Code or other applicable law to perfect or establish the Mortgagees' first priority security interests in any Mortgaged Property to the extent that such perfection or priority cannot be accomplished by the filing of a financing statement.
- (b) The Mortgagor will cause this Mortgage and all Supplemental Mortgages and other instruments of further assurance, including all financing statements covering security interests in personal property, to be promptly recorded, registered and filed, and will execute and file such financing statements and cause to be issued and filed such continuation statements, all in such manner and in such places as may be required by law fully to preserve and protect the rights of all of the Mortgagees and Noteholders hereunder to all property comprising the Mortgaged Property. The Mortgagor will furnish to each Mortgagee:
  - (1) promptly after the execution and delivery of this instrument and of each Supplemental Mortgage or other instrument of further assurance, an Opinion of Counsel stating that, in the opinion of such Counsel, this instrument and all such Supplemental Mortgages and other instruments of further assurance have been properly recorded, registered and filed to the extent necessary to make effective the lien intended to be created by this Mortgage, and reciting the details of such action or referring to prior Opinions of Counsel in which such details are given, and stating that all financing statements and continuation statements have been executed and filed that are necessary fully to

preserve and protect the rights of all of the Mortgagees and Noteholders hereunder, or stating that, in the opinion of such Counsel, no such action is necessary to make the lien effective; and

- (2) during the month of January in each year following the first anniversary of the date of this Mortgage, an Opinion of Counsel, dated on or about the date of delivery, either stating that, in the opinion of such Counsel, such action has been taken with respect to the recording, registering, filing, re-recording, re-registering and re-filing of this instrument and of all Supplemental Mortgages, financing statements, continuation statements or other instruments of further assurances as is necessary to maintain the lien of this Mortgage (including the lien on any property acquired by the Mortgagor after the execution and delivery of this instrument and owned by the Mortgagor at the end of preceding calendar year) and reciting the details of such action or referring to prior Opinions of Counsel in which such details are given, and stating that all financing statements and continuation statements have been executed and filed that are necessary to fully preserve and protect the rights of all of the Mortgagees and Noteholders hereunder, or stating that, in the opinion of such Counsel, no such action is necessary to maintain such lien.

**Section 3.04. Environmental Requirements and Indemnity:**

- (a) The Mortgagor shall, with respect to all facilities which may be part of the Mortgaged Property, comply with all Environmental Laws.
- (b) The Mortgagor shall defend, indemnify, and hold harmless each Mortgagee, its successors and assigns, from and against any and all liabilities, losses, damages, costs, expenses (including but not limited to reasonable attorneys' fees and expenses), causes of actions, administrative proceedings, suits, claims, demands, or judgments of any nature arising out of or in connection with any matter related to the Mortgage Property and any Environmental Law, including but not limited to:
  - (1) the past, present, or future presence of any hazardous substance, contaminant, pollutant, or hazardous waste on or related to the Mortgaged Property;
  - (2) any failure at any time by the undersigned to comply with the terms of any order related to the Mortgaged Property and issued by any Federal, state, or municipal department or agency (other than RUS) exercising its authority to enforce any Environmental Law; and
  - (3) any lien or claim imposed under any Environmental Law related to clause (1).
- (c) Within 10 (ten) business days after receiving knowledge of any liability, losses, damages, costs, expenses (including but not limited to reasonable attorneys' fees and expenses), cause of action, administrative proceeding, suit, claim, demand, judgment, lien, reportable event including but not limited to the release of a hazardous substance, or potential or actual violation or non-compliance arising out of or in connection with the Mortgaged Property and any Environmental Law, the Mortgagor shall provide each Mortgagee with written notice of such matter. With respect to any matter upon which it has provided such notice, the Mortgagor shall immediately take any and all appropriate actions to remedy, cure, defend, or otherwise affirmatively respond to the matter.

**Section 3.05. Payment of Taxes:**

The Mortgagor will pay or cause to be paid as they become due and payable all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon the Mortgaged Property or any part thereof or upon any income therefrom, and also (to the extent that such payment will not be contrary to any applicable laws) all taxes, assessments and other governmental charges lawfully levied, assessed or imposed upon the lien or interest of the Noteholders or of the Mortgagees in the Mortgaged Property, so that (to the extent aforesaid) the lien of this Mortgage shall at all times be wholly preserved at the cost of the Mortgagor and without expense to the Mortgagees or the Noteholders; PROVIDED, HOWEVER, that the Mortgagor shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment or governmental charge to the extent that the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and the Mortgagor shall have established and shall maintain adequate reserves on its books for the payment of the same.

**Section 3.06. Authority to Execute and Deliver Notes, Loan Agreements and Mortgage; All Action Taken; Enforceable Obligations:**

The Mortgagor is authorized under its articles of incorporation and bylaws (or code of regulations) and all applicable laws and by corporate action to execute and deliver the Notes, any Additional Notes, the Loan Agreements and this Mortgage. The Notes, the Loan Agreements and this Mortgage are, and any Additional Notes and Loan Agreements when executed and delivered will be, the valid and enforceable obligations of the Mortgagor in accordance with their respective terms.

**Section 3.07. Restrictions on Further Encumbrances on Property:**

Except to secure Additional Notes, the Mortgagor will not, without the prior written consent of each Mortgagee, create or incur or suffer or permit to be created or incurred or to exist any Lien, charge, assignment, pledge or mortgage on any of the Mortgaged Property inferior to, prior to, or on a parity with the Lien of this Mortgage except for the Permitted Encumbrances. Subject to the provisions of Section 3.08, or unless approved by each of the Mortgagees, the Mortgagor will purchase all materials, equipment and replacements to be incorporated in or used in connection with the Mortgaged Property outright and not subject to any conditional sales agreement, chattel mortgage, bailment, lease or other agreement reserving to the seller any right, title or Lien.

**Section 3.08. Restrictions On Additional Permitted Debt:**

The Mortgagor shall not incur, assume, guarantee or otherwise become liable in respect of any debt for borrowed money and Restricted Rentals (including Subordinated Debt) other than the following: ("Permitted Debt")

- (1) Additional Notes issued in compliance with Article II hereof;
- (2) Purchase money indebtedness in non-Utility System property, in an amount not exceeding 10% of Net Utility Plant;
- (3) Restricted Rentals in an amount not to exceed 5% of Equity during any 12 consecutive calendar month period;
- (4) Unsecured lease obligations incurred in the ordinary course of business except Restricted Rentals;

- (5) Unsecured indebtedness for borrowed money;
- (6) Debt represented by dividends declared but not paid; and
- (7) Subordinated Indebtedness approved by each Mortgagee.

PROVIDED, However, that the Mortgagor may incur Permitted Debt without the consent of the Mortgagee only so long as there exists no Event of Default hereunder and there has been no continuing occurrence which with the passage of time and giving of notice could become an Event of Default hereunder.

PROVIDED, FURTHER, by executing this Mortgage any consent of RUS that the Mortgagor would otherwise be required to obtain under this Section is hereby deemed to be given or waived by RUS by operation of law to the extent, but only to the extent, that to impose such a requirement of RUS consent would clearly violate existing Federal laws or government regulations.

**Section 3.09. Preservation of Corporate Existence and Franchises:**

The Mortgagor will, so long as any Outstanding Notes exist, take or cause to be taken all such action as from time to time may be necessary to preserve its corporate existence and to preserve and renew all franchises, rights of way, easements, permits, and licenses now or hereafter to be granted or upon it conferred the loss of which would have a material adverse affect on the Mortgagor's financial condition or business. The Mortgagor will comply with all laws, ordinances, regulations, orders, decrees and other legal requirements applicable to it or its property the violation of which could have a material adverse affect on the Mortgagor's financial condition or business.

**Section 3.10. Limitations on Consolidations and Mergers:**

The Mortgagor shall not, without the prior written approval of each Mortgagee, consolidate or merge with any other corporation or convey or transfer the Mortgaged Property substantially as an entirety unless:

- (1) such consolidation, merger, conveyance or transfer shall be on such terms as shall fully preserve the lien and security hereof and the rights and powers of the Mortgagees hereunder;
- (2) the entity formed by such consolidation or with which the Mortgagor is merged or the corporation which acquires by conveyance or transfer the Mortgaged Property substantially as an entirety shall execute and deliver to the Mortgagees a mortgage supplemental hereto in recordable form and containing an assumption by such successor entity of the due and punctual payment of the principal of and interest on all of the Outstanding Notes and the performance and observance of every covenant and condition of this Mortgage;
- (3) immediately after giving effect to such transaction, no default hereunder shall have occurred and be continuing;
- (4) the Mortgagor shall have delivered to the Mortgagees a certificate of its general manager or other officer, in form and substance satisfactory to each of the Mortgagees, which shall state that such consolidation, merger, conveyance or transfer and such supplemental mortgage comply with this subsection and that all conditions precedent herein provided for relating to such transaction have been complied with;

- (5) the Mortgagor shall have delivered to the Mortgagees an opinion of counsel in form and substance satisfactory to each of the Mortgagees; and
- (6) the entity formed by such consolidation or with which the Mortgagor is merged or the corporation which acquires by conveyance or transfer the Mortgaged Property substantially as an entirety shall be an entity -
  - (A) having Equity equal to at least 27% of its Total Assets on a pro forma basis after giving effect to such transaction,
  - (B) having a pro forma TIER of not less than 1.25 and a pro forma DSC of not less than 1.25 for each of the two preceding calendar years, and
  - (C) having Net Utility Plant equal to or greater than 1.0 times its Total Long-Term Debt on a pro forma basis. Upon any consolidation or merger or any conveyance or transfer of the Mortgaged Property substantially as an entirety in accordance with this subsection, the successor entity formed by such consolidation or with which the Mortgagor is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Mortgagor under this Mortgage with the same effect as if such successor entity had been named as the Mortgagor herein.

**Section 3.11. Limitations on Transfers of Property:**

The Mortgagor may not, except as provided in Section 3.10 above, without the prior written approval of each Mortgagee, sell, lease or transfer any Mortgaged Property to any other person or entity (including any subsidiary or affiliate of the Mortgagor), unless

- (1) there exists no Event of Default or occurrence which with the passing of time and the giving of notice would be an Event of Default,
- (2) fair market value is obtained for such property,
- (3) the aggregate value of assets so sold, leased or transferred in any 12-month period is less than 10% of Net Utility Plant, and
- (4) the proceeds of such sale, lease or transfer, less ordinary and reasonable expenses incident to such transaction, are immediately
  - (i) applied as a prepayment of all Notes equally and ratably,
  - (ii) in the case of dispositions of equipment, materials or scrap, applied to the purchase of other property useful in the Mortgagor's utility business, not necessarily of the same kind as the property disposed of, which shall forthwith become subject to the Lien of the Mortgage, or
  - (iii) applied to the acquisition or construction of utility plant.

**Section 3.12. Maintenance of Mortgaged Property:**

- (a) So long as the Mortgagor holds title to the Mortgaged Property, the Mortgagor will at all times maintain and preserve the Mortgaged Property which is used or useful in the

Mortgagor's business and each and every part and parcel thereof in good repair, working order and condition, ordinary wear and tear and acts of God excepted, and in compliance with Prudent Utility Practice and in compliance with all applicable laws, regulations and orders, and will from time to time make all needed and proper repairs, renewals and replacements, and useful and proper alterations, additions, betterments and improvements, and will, subject to contingencies beyond its reasonable control, at all times use all reasonable diligence to furnish the consumers served by it through the Mortgaged Property, or any part thereof, with an adequate supply of electric power and energy. If any substantial part of the Mortgaged Property is leased by the Mortgagor to any other party, the lease agreement between the Mortgagor and the lessee shall obligate the lessee to comply with the provisions of subsections (a) and (b) of this Section in respect of the leased facilities and to permit the Mortgagor to operate the leased facilities in the event of any failure by the lessee to so comply.

- (b) If in the sole judgement of any Mortgagee, the Mortgaged Property is not being maintained and repaired in accordance with paragraph (a) of this section, such Mortgagee may send to the Mortgagor a written report of needed improvements and the Mortgagor will upon receipt of such written report promptly undertake to accomplish such improvements.
- (c) The Mortgagor further agrees that upon reasonable written request of any Mortgagee, which request together with the requests of any other Mortgagees shall be made no more frequently than once every three years, the Mortgagor will supply promptly to each Mortgagee a certification (hereinafter called the "Engineer's Certification"), in form satisfactory to the requestor, prepared by a professional engineer, who shall be satisfactory to the Mortgagees, as to the condition of the Mortgaged Property. If in the sole judgment of any Mortgagee the Engineer's Certification discloses the need for improvements to the condition of the Mortgaged Property or any other operations of the Mortgagor, such Mortgagee may send to the Mortgagor a written report of such improvements and the Mortgagor will upon receipt of such written report promptly undertake to accomplish such of these improvements as are required by such Mortgagee.

**Section 3.13. Insurance; Restoration of Damaged Mortgaged Property:**

- (a) The Mortgagor will take out, as the respective risks are incurred, and maintain the classes and amounts of insurance in conformance with generally accepted utility industry standards for such classes and amounts of coverages of utilities of the size and character of the Mortgagor and consistent with Prudent Utility Practice.
- (b) The foregoing insurance coverage shall be obtained by means of bond and policy forms approved by regulatory authorities having jurisdiction, and, with respect to insurance upon any part of the Mortgaged Property, shall provide that the insurance shall be payable to the Mortgagees as their interests may appear by means of the standard mortgagee clause without contribution. Each policy or other contract for such insurance shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for at least 30 days after written notice to each Mortgagee of cancellation.
- (c) In the event of damage to or the destruction or loss of any portion of the Mortgaged Property which is used or useful in the Mortgagor's business and which shall be covered by insurance, unless each Mortgagee shall otherwise agree, the Mortgagor shall replace or restore such damaged, destroyed or lost portion so that such Mortgaged Property shall be in substantially the same condition as it was in prior to such damage, destruction or loss,

and shall apply the proceeds of the insurance for that purpose. The Mortgagor shall replace the lost portion of such Mortgaged Property or shall commence such restoration promptly after such damage, destruction or loss shall have occurred and shall complete such replacement or restoration as expeditiously as practicable, and shall pay or cause to be paid out of the proceeds of such insurance all costs and expenses in connection therewith.

- (d) Sums recovered under any policy or fidelity bond by the Mortgagor for a loss of funds advanced under the Notes or recovered by any Mortgagee or any Noteholder for any loss under such policy or bond shall, unless applied as provided in the preceding paragraph, be used to finance construction of utility plant secured or to be secured by this Mortgage, or unless otherwise directed by the Mortgagees, be applied to the prepayment of the Notes pro rata according to the unpaid principal amounts thereof (such prepayments to be applied to such Notes and installments thereof as may be designated by the respective Mortgagee at the time of any such prepayment), or be used to construct or acquire utility plant which will become part of the Mortgaged Property. At the request of any Mortgagee, the Mortgagor shall exercise such rights and remedies which they may have under such policy or fidelity bond and which may be designated by such Mortgagee, and the Mortgagor hereby irrevocably appoints each Mortgagee as its agent to exercise such rights and remedies under such policy or bond as such Mortgagee may choose, and the Mortgagor shall pay all costs and reasonable expenses incurred by the Mortgagee in connection with such exercise.

**Section 3.14. Mortgagee Right to Expend Money to Protect Mortgaged Property:**

The Mortgagor agrees that any Mortgagee from time to time hereunder may, in its sole discretion, after having given 5 Business Days prior written notice to the Mortgagor, but shall not be obligated to, advance funds on behalf of the Mortgagor, in order to insure the Mortgagor's compliance with any covenant, warranty, representation or agreement of the Mortgagor made in or pursuant to this Mortgage or any of the Loan Agreements, to preserve or protect any right or interest of the Mortgagees in the Mortgaged Property or under or pursuant to this Mortgage or any of the Loan Agreements, including without limitation, the payment of any insurance premiums or taxes and the satisfaction or discharge of any judgment or any Lien upon the Mortgaged Property or other property or assets of the Mortgagor; provided, however, that the making of any such advance by or through any Mortgagee shall not constitute a waiver by any Mortgagee of any Event of Default with respect to which such advance is made nor relieve the Mortgagor of any such Event of Default. The Mortgagor shall pay to a Mortgagee upon demand all such advances made by such Mortgagee with interest thereon at a rate equal to that on the Note having the highest interest rate but in no event shall such rate be in excess of the maximum rate permitted by applicable law. All such advances shall be included in the obligations and secured by the security interest granted hereunder.

**Section 3.15. Time Extensions for Payment of Notes:**

Any Mortgagee may, at any time or times in succession without notice to or the consent of the Mortgagor, or any other Mortgagee, and upon such terms as such Mortgagee may prescribe, grant to any person, firm or corporation who shall have become obligated to pay all or any part of the principal of (and premium, if any) or interest on any Note held by or indebtedness owed to such Mortgagee or who may be affected by the lien hereby created, an extension of the time for the payment of such principal, (and premium, if any) or interest, and after any such extension the Mortgagor will remain liable for the payment of such Note or indebtedness to the same extent as though it had at the time of such extension consented thereto in writing.

**Section 3.16. Application of Proceeds from Condemnation:**

- (a) In the event that the Mortgaged Property or any part thereof, shall be taken under the power of eminent domain, all proceeds and avails therefrom may be used to finance construction of utility plant secured or to be secured by this Mortgage. Any proceeds not so used shall forthwith be applied by the Mortgagor: first, to the ratable payment of any indebtedness secured by this Mortgage other than principal of or interest on the Notes; second, to the ratable payment of interest which shall have accrued on the Notes and be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Notes, to such installments thereof as may be designated by the respective Mortgagee at the time of any such payment; and fourth, the balance shall be paid to whomsoever shall be entitled thereto.
- (b) If any part of the Mortgaged Property shall be taken by eminent domain, each Mortgagee shall release the property so taken from the Mortgaged Property and shall be fully protected in so doing upon being furnished with:
  - (1) A certificate of a duly authorized officer of the Mortgagor requesting such release, describing the property to be released and stating that such property has been taken by eminent domain and that all conditions precedent herein provided or relating to such release have been complied with; and
  - (2) an opinion of counsel to the effect that such property has been lawfully taken by exercise of the right of eminent domain, that the award for such property so taken has become final and that all conditions precedent herein provided for relating to such release have been complied with.

**Section 3.17. Compliance with Loan Agreements; Notice of Amendments to and Defaults under Loan Agreements:**

The Mortgagor will observe and perform all of the material covenants, agreements, terms and conditions contained in any Loan Agreement entered into in connection with the issuance of any of the Notes, as from time to time amended. The Mortgagor will send promptly to each Mortgagee notice of any default by the Mortgagor under any Loan Agreement and notice of any amendment to any Loan Agreement. Upon request of any Mortgagee, the Mortgagor will furnish to such Mortgagee single copies of such Loan Agreements and amendments thereto as such Mortgagee may request.

**Section 3.18. Rights of Way, etc., Necessary in Business:**

The Mortgagor will use its best efforts to obtain all such rights of way, easements from landowners and releases from lienors as shall be necessary or advisable in the conduct of its business, and, if requested by any Mortgagee, deliver to such Mortgagee evidence satisfactory to such Mortgagee of the obtaining of such rights of way, easements or releases.

**Section 3.19. Limitations on Providing Free Electric Services:**

The Mortgagor will not furnish or supply or cause to be furnished or supplied any electric power, energy or capacity free of charge to any person, firm or corporation, public or private, and the Mortgagor will enforce the payment of any and all amounts owing to the Mortgagor by reason of the ownership and operation of the Utility System by discontinuing such use, output, capacity, or service, or by filing suit therefor within 90 days after any such accounts are due, or by both such discontinuance and by filing suit.



**Section 3.20. Keeping Books; Inspection by Mortgagee:**

The Mortgagor will keep proper books, records and accounts, in which full and correct entries shall be made of all dealings or transactions of or in relation to the Notes and the Utility System, properties, business and affairs of the Mortgagor in accordance with the Accounting Requirements. The Mortgagor will at any and all times, upon the written request of any Mortgagee and at the expense of the Mortgagor, permit such Mortgagee by its representatives to inspect the Utility System and properties, books of account, records, reports and other papers of the Mortgagor and to take copies and extracts therefrom, and will afford and procure a reasonable opportunity to make any such inspection, and the Mortgagor will furnish to each Mortgagee any and all such information as such Mortgagee may request, with respect to the performance by the Mortgagor of its covenants under this Mortgage, the Notes and the Loan Agreements.

**Section 3.21. Maximum Debt Limit:**

The Notes at any one time secured by this Mortgage shall not in the aggregate principal amount exceed the Maximum Debt Limit.

**Section 3.22. Authorization to File Financing Statements:**

The Mortgagor hereby irrevocably authorizes the Mortgagee at any time and from time to time to file in any jurisdiction any initial financing statements and amendments thereto that:

- (a) Indicate the Mortgaged Property (i) as all assets of the Mortgagor or words of similar effect, regardless of whether any particular asset comprised in the Mortgaged Property falls within the scope of Article 9 of the applicable UCC, or (ii) as being of an equal or lesser scope or with greater detail, and
- (b) Contain any other information required by the applicable UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including, but not limited to (i) whether the Mortgagor is an organization, the type of organization and any organizational identification number issued to the Mortgagor, and (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which the Mortgaged Property relates. The Mortgagor agrees to furnish any such information to the Mortgagee promptly upon request. The Mortgagor also ratifies its authorization for the Mortgagee to have filed in any UCC jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

**ARTICLE IV**

**EVENTS OF DEFAULT AND REMEDIES**

**Section 4.01. Events of Default:**

Each of the following shall be an "Event of Default" under this Mortgage:

- (a) default shall be made in the payment of any installment of or on account of interest on or principal of (or premium, if any associated with) any Note or Notes for more than five (5) Business Days after the same shall be required to be made;
- (b) default shall be made in the due observance or performance of any other of the covenants,

conditions or agreements on the part of the Mortgagor, in any of the Notes, Loan Agreements or in this Mortgage, and such default shall continue for a period of thirty (30) days after written notice specifying such default and requiring the same to be remedied and stating that such notice is a "Notice of Default" hereunder shall have been given to the Mortgagor by any Mortgagee; PROVIDED, HOWEVER that in the case of a default on the terms of a Note or Loan Agreement of a particular Mortgagee, the "Notice of Default" required under this paragraph may only be given by that Mortgagee;

- (c) the Mortgagor shall file a petition in bankruptcy or be adjudicated a bankrupt or insolvent, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of its property, or shall institute proceedings for its reorganization or proceedings instituted by others for its reorganization shall not be dismissed within sixty (60) days after the institution thereof;
- (d) a receiver or liquidator of the Mortgagor or of any substantial portion of its property shall be appointed and the order appointing such receiver or liquidator shall not be vacated within sixty (60) days after the entry thereof;
- (e) the Mortgagor shall forfeit or otherwise be deprived of its corporate charter or franchises, permits, easements, or licenses required to carry on any material portion of its business;
- (f) a final judgment for an amount of more than \$25,000 shall be entered against the Mortgagor and shall remain unsatisfied or without a stay in respect thereof for a period of sixty (60) days; or,
- (g) any material representation or warranty made by the Mortgagor herein, in the Loan Agreements or in any certificate or financial statement delivered hereunder or thereunder shall prove to be false or misleading in any material respect at the time made.

**Section 4.02. Acceleration of Maturity; Rescission and Annulment:**

- (a) If an Event of Default described in Section 4.01(a) has occurred and is continuing, any Mortgagee upon which such default has occurred may declare the principal of all its Notes secured hereunder to be due and payable immediately by a notice in writing to the Mortgagor and to the other Mortgagees (failure to provide said notice to any other Mortgagee shall not affect the validity of any acceleration of the Note or Notes by such Mortgagee), and upon such declaration, all unpaid principal (and premium, if any) and accrued interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding.
- (b) If any other Event of Default shall have occurred and be continuing, any Mortgagee may declare the principal of all its Notes secured hereunder to be due and payable immediately by a notice in writing to the Mortgagor and to the other Mortgagees (failure to provide said notice to any other Mortgagee shall not affect the validity of any acceleration of the Note or Notes by such Mortgagee), and upon such declaration, all unpaid principal (and premium, if any) and accrued interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding.
- (c) Upon receipt of actual knowledge of or any notice of acceleration by any Mortgagee, any other Mortgagee may declare the principal of all of its Notes to be due and payable

immediately by a notice in writing to the Mortgagor and upon such declaration, all unpaid principal (and premium, if any) and accrued interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes or Loan Agreements to the contrary notwithstanding.

- (d) If after the unpaid principal of (and premium, if any) and accrued interest on any of the Notes shall have been so declared to be due and payable, all payments in respect of principal and interest which shall have become due and payable by the terms of such Note or Notes (other than amounts due as a result of the acceleration of the Notes) shall be paid to the respective Mortgagees, and (i) all other defaults under the Loan Agreements, the Notes and this Mortgage shall have been made good or cured to the satisfaction of the Mortgagees representing at least 80% of the aggregate unpaid principal balance of all of the Notes then outstanding, (ii) proceedings to foreclose the lien of this Mortgage have not been commenced, and (iii) all reasonable expenses paid or incurred by the Mortgagees in connection with the acceleration shall have been paid to the respective Mortgagees, then in every such case such Mortgagees representing at least 80% of the aggregate unpaid principal balance of all of the Notes then outstanding may by written notice to the Mortgagor, for purposes of this Mortgage, annul such declaration and waive such default and the consequences thereof, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

**Section 4.03. Remedies of Mortgagees:**

If one or more of the Events of Default shall occur and be continuing, any Mortgagee personally or by attorney, in its or their discretion, may, in so far as not prohibited by law:

- (a) take immediate possession of the Mortgaged Property, collect and receive all credits, outstanding accounts and bills receivable of the Mortgagor and all rents, income, revenues, proceeds and profits pertaining to or arising from the Mortgaged Property, or any part thereof, whether then past due or accruing thereafter, and issue binding receipts therefor; and manage, control and operate the Mortgaged Property as fully as the Mortgagor might do if in possession thereof, including, without limitation, the making of all repairs or replacements deemed necessary or advisable by such Mortgagee in possession;
- (b) proceed to protect and enforce the rights of all of the Mortgagees by suits or actions in equity or at law in any court or courts of competent jurisdiction, whether for specific performance of any covenant or any agreement contained herein or in aid of the execution of any power herein granted or for the foreclosure hereof or hereunder or for the sale of the Mortgaged Property, or any part thereof, or to collect the debts hereby secured or for the enforcement of such other or additional appropriate legal or equitable remedies as may be deemed necessary or advisable to protect and enforce the rights and remedies herein granted or conferred, and in the event of the institution of any such action or suit the Mortgagee instituting such action or suit shall have the right to have appointed a receiver of the Mortgaged Property and of all proceeds, rents, income, revenues and profits pertaining thereto or arising therefrom, whether then past due or accruing after the appointment of such receiver, derived, received or had from the time of the commencement of such suit or action, and such receiver shall have all the usual powers and duties of receivers in like and similar cases, to the fullest extent permitted by law, and if application shall be made for the appointment of a receiver the Mortgagor hereby expressly consents that the court to which such application shall be made may make said appointment; and

- (c) sell or cause to be sold all and singular the Mortgaged Property or any part thereof, and all right, title, interest, claim and demand of the Mortgagor therein or thereto, at public auction at such place in any county (or its equivalent locality) in which the property to be sold, or any part thereof, is located, at such time and upon such terms as may be specified in a notice of sale, which shall state the time when and the place where the sale is to be held, shall contain a brief general description of the property to be sold, and shall be given by mailing a copy thereof to the Mortgagor at least fifteen (15) days prior to the date fixed for such sale and by publishing the same once in each week for two successive calendar weeks prior to the date of such sale in a newspaper of general circulation published in said locality or, if no such newspaper is published in such locality, in a newspaper of general circulation in such locality, the first such publication to be not less than fifteen (15) days nor more than thirty (30) days prior to the date fixed for such sale. Any sale to be made under this subparagraph (c) of this Section 4.03 may be adjourned from time to time by announcement at the time and place appointed for such sale or for such adjourned sale or sales, and without further notice or publication the sale may be had at the time and place to which the same shall be adjourned; provided, however, that in the event another or different notice of sale or another or different manner of conducting the same shall be required by law the notice of sale shall be given or the sale be conducted, as the case may be, in accordance with the applicable provisions of law. The expense incurred by any Mortgagee (including, but not limited to, receiver's fees, counsel fees, cost of advertisement and agents' compensation) in the exercise of any of the remedies provided in this Mortgage shall be secured by this Mortgage.
- (d) In the event that a Mortgagee proceeds to enforce remedies under this Section, any other Mortgagee may join in such proceedings. In the event that the Mortgagees are not in agreement with the method or manner of enforcement chosen by any other Mortgagee, the Mortgagees representing a majority of the aggregate unpaid principal balance on the then outstanding Notes may direct the method and manner in which remedial action will proceed.

**Section 4.04. Application of Proceeds from Remedial Actions:**

Any proceeds or funds arising from the exercise of any rights or the enforcement of any remedies herein provided after the payment or provision for the payment of any and all costs and expenses in connection with the exercise of such rights or the enforcement of such remedies shall be applied first, to the ratable payment of indebtedness hereby secured other than the principal of or interest on the Notes; second, to the ratable payment of interest which shall have accrued on the Notes and which shall be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Notes; and the balance, if any, shall be paid to whomsoever shall be entitled thereto.

**Section 4.05. Remedies Cumulative; No Election:**

Every right or remedy herein conferred upon or reserved to the Mortgagees or to the Noteholders shall be cumulative and shall be in addition to every other right and remedy given hereunder or now or hereafter existing at law, or in equity, or by statute. The pursuit of any right or remedy shall not be construed as an election.

**Section 4.06. Waiver of Appraisal Rights; Marshaling of Assets Not Required:**

The Mortgagor, for itself and all who may claim through or under it, covenants that it will not at any time insist upon or plead, or in any manner whatever claim, or take the benefit or advantage of, any appraisal, valuation, stay, extension or redemption laws now or hereafter in force in any locality where any of the Mortgaged Property may be situated, in order to prevent, delay or hinder

the enforcement or foreclosure of this Mortgage, or the absolute sale of the Mortgaged Property, or any part thereof, or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser or purchasers thereat, and the Mortgagor, for itself and all who may claim through or under it, hereby waives the benefit of all such laws unless such waiver shall be forbidden by law. Under no circumstances shall there be any marshaling of assets upon any foreclosure or to other enforcement of this Mortgage.

**Section 4.07. Notice of Default:**

The Mortgagor covenants that it will give immediate written notice to each Mortgagee of the occurrence of any Event of Default or in the event that any right or remedy described in Sections 4.02 and 4.03 hereof is exercised or enforced or any action is taken to exercise or enforce any such right or remedy.

**ARTICLE V**

**POSSESSION UNTIL DEFAULT-DEFEASANCE CLAUSE**

**Section 5.01. Possession Until Default:**

Until some one or more of the Events of Default shall have happened, the Mortgagor shall be suffered and permitted to retain actual possession of the Mortgaged Property, and to manage, operate and use the same and any part thereof, with the rights and franchises appertaining thereto, and to collect, receive, take, use and enjoy the rents, revenues, issues, earnings, income, proceeds, products and profits thereof or therefrom, subject to the provisions of this Mortgage.

**Section 5.02. Defeasance:**

If the Mortgagor shall pay or cause to be paid the whole amount of the principal of (and premium, if any) and interest on the Notes at the times and in the manner therein provided, and shall also pay or cause to be paid all other sums payable by the Mortgagor hereunder or under any Loan Agreement and shall keep and perform, all covenants herein required to be kept and performed by it, then and in that case, all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Mortgagor and the estate, right, title and interest of the Mortgagee so paid shall thereupon cease, determine and become void and such Mortgagee, in such case, on written demand of the Mortgagor but at the Mortgagor's cost and expense, shall enter satisfaction of the Mortgage upon the record. In any event, each Mortgagee, upon payment in full to such Mortgagee by the Mortgagor of all principal of (and premium, if any) and interest on any Note held by such Mortgagee and the payment and discharge by the Mortgagor of all charges due to such Mortgagee hereunder or under any Loan Agreement, shall execute and deliver to the Mortgagor such instrument of satisfaction, discharge or release as shall be required by law in the circumstances.

**Section 5.03. Special Defeasance:**

Other than any Notes excluded by the foregoing Sections 5.01 and 5.02 and Notes which have become due and payable, the Mortgagor may cause the Lien of this Mortgage to be defeased with respect to any Note for which it has deposited or caused to be deposited in trust solely for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Note for principal (and premium, if any) and interest to the date of maturity thereof; PROVIDED, HOWEVER, that depository serving as trustee for such trust must first be accepted as such by the Mortgagee whose Notes are being defeased under this section. In such event, such a Note will no longer be considered to be an Outstanding Note for purposes of this Mortgage and the Mortgagee

shall execute and deliver to the Mortgagor such instrument of satisfaction, discharge or release as shall be required by law in the circumstances.

## ARTICLE VI

### MISCELLANEOUS

#### **Section 6.01. Property Deemed Real Property:**

It is hereby declared to be the intention of the Mortgagor that any electric generating plant or plants and facilities and all electric transmission and distribution lines, or other Electric System or Utility System facilities, embraced in the Mortgaged Property, including (without limitation) all rights of way and easements granted or given to the Mortgagor or obtained by it to use real property in connection with the construction, operation or maintenance of such plant, lines, facilities or systems, and all other property physically attached to any of the foregoing, shall be deemed to be real property.

#### **Section 6.02. Mortgage to Bind and Benefit Successors and Assigns:**

All of the covenants, stipulations, promises, undertakings and agreements herein contained by or on behalf of the Mortgagor shall bind its successors and assigns, whether so specified or not, and all titles, rights and remedies hereby granted to or conferred upon the Mortgagees shall pass to and inure to the benefit of the successors and assigns of the Mortgagees and shall be deemed to be granted or conferred for the ratable benefit and security of all who shall from time to time be a Mortgagee. The Mortgagor hereby agrees to execute such consents, acknowledgments and other instruments as may be reasonably requested by any Mortgagee in connection with the assignment, transfer, mortgage, hypothecation or pledge of the rights or interests of such Mortgagee hereunder or under the Notes or in and to any of the Mortgaged Property.

#### **Section 6.03. Headings:**

The descriptive headings of the various articles and sections of this Mortgage and also the table of contents were formulated and inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

#### **Section 6.04. Severability Clause:**

In case any provision of this Mortgage or in the Notes or in the Loan Agreements shall be invalid or unenforceable, the validity, legality and enforceability of the remaining provisions thereof shall not in any way be affected or impaired, nor, nor shall any invalidity or unenforceability as to any Mortgagee hereunder affect or impair the rights hereunder of any other Mortgagee.

#### **Section 6.05. Mortgage Deemed Security Agreement:**

To the extent that any of the property described or referred to in this Mortgage is governed by the provisions of the UCC this Mortgage is hereby deemed a "security agreement" under the UCC, and, if so elected by any Mortgagee, a "financing statement" under the UCC for said security agreement. The mailing addresses of the Mortgagor as debtor, and the Mortgagees as secured parties are as set forth in Schedule "A" hereof. If any Mortgagee so directs the Mortgagor to do so, the Mortgagor shall file as a financing statement under the UCC for said security agreement and for the benefit of all of the Mortgagees, an instrument other than this Mortgage. In such case, the instrument to be filed shall be in a form customarily accepted by the filing office as a financing

statement. PROCEEDS OF COLLATERAL ARE COVERED HEREBY. The Mortgagor is an organization of the type and organized in the jurisdiction set forth on the first page hereof. The cover page hereof accurately sets forth the Mortgagor's organizational identification number or accurately states that the Mortgagor has none.

**Section 6.06. Indemnification by Mortgagor of Mortgagees:**

The Mortgagor agrees to indemnify and save harmless each Mortgagee against any liability or damages which any of them may incur or sustain in the exercise and performance of their rightful powers and duties hereunder. For such reimbursement and indemnity, each Mortgagee shall be secured under this Mortgage in the same manner as the Notes and all such reimbursements for expense or damage shall be paid to the Mortgagee incurring or suffering the same with interest at the rate specified in Section 3.14 hereof. The Mortgagor's obligation to indemnify the Mortgagees under this section and under Section 3.04 shall survive the satisfaction of the Notes, the reconveyance or foreclosure of this Mortgage, the acceptance of a deed in lieu of foreclosure, or any transfer or abandonment of the Mortgaged Property.

IN WITNESS WHEREOF, INTER-COUNTY ENERGY COOPERATIVE CORPORATION, as Mortgagor, has caused this Restated Mortgage and Security Agreement to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, UNITED STATES OF AMERICA, as Mortgagee and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee, have each caused this Restated Mortgage and Security Agreement to be signed in their respective names by duly authorized persons, all as of this day and year first above written.

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

by *Paul G. Bana*, Chairman

(Seal)

Attest: *James Devin Presto*  
Secretary

Executed by the Mortgagor  
in the presence of:

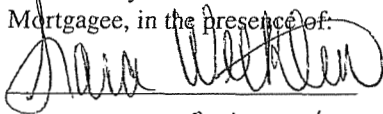
*Diane J. Rogan*  
*Debra C. Wilcox*  
Witnesses

UNITED STATES OF AMERICA

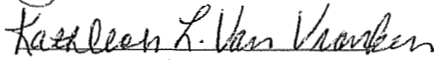
by 

Assistant Administrator  
Electric Program  
of the  
Rural Utilities Service

Executed by United States of America,  
Mortgagee, in the presence of:



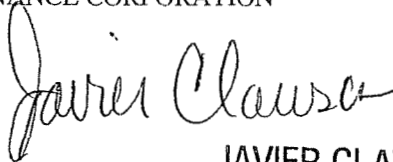
**Sara Wetklow**



Kathleen L. Van Vranken

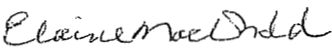
Witnesses

NATIONAL RURAL UTILITIES COOPERATIVE  
FINANCE CORPORATION

by 

**JAVIER CLAWSON**  
Assistant Secretary-Treasurer

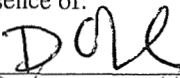
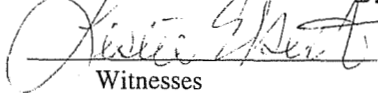
(SEAL)

Attest: 

**ELAINE M. MACDONALD**

Assistant Secretary-Treasurer

Executed by the above-named, Mortgagee, in the  
presence of:

**DAVID W. OLAH**

**LESLIE EBERT**

Witnesses



COMMONWEALTH OF KENTUCKY )  
 ) SS  
COUNTY OF Boyle )

I, Judy Ross, a Notary Public in and for the County and Commonwealth aforesaid, do hereby certify that Paul G. Ballard, personally known to me to be the Chairman of Inter-County Energy Cooperative Corporation, a corporation of the Commonwealth of Kentucky, and to me known to be the identical person whose name is as Chairman of said corporation, subscribed to the foregoing instrument, appeared before me this day in person and produced the foregoing instrument to me in the County aforesaid and acknowledged that as such Chairman he signed the foregoing instrument pursuant to authority given by the board of directors of said corporation as his free and voluntary act and deed and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth and that the seal affixed to the foregoing instrument is the corporate seal of said corporation.

Given under my hand this 10<sup>th</sup> day of June, 20 05.

Judy Ross  
\_\_\_\_\_  
Notary Public  
in and for Boyle County, Kentucky

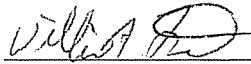
(Notarial Seal)

My Commission expires:  
My Commission Expires 03-13-08.

DISTRICT OF COLUMBIA ) SS

On this 20 day of May, 2005, personally appeared before me James R. Newby, who, being duly sworn, did say that he is the Assistant Administrator - Electric Program of the Rural Utilities Service, an agency of the United States of America, and acknowledged to me that, acting under a delegation of authority duly given and evidenced by law and presently in effect, he executed said instrument as the act and deed of the United States of America for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF I have heretofore set my hand and official seal the day and year last above written.



Notary Public

(Notarial Seal) William A. Frost  
Notary Public, District of Columbia  
My Commission Expires 04/14/2006

My commission expires: \_\_\_\_\_

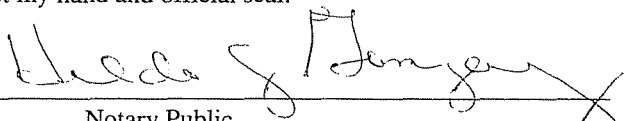
COMMONWEALTH OF VIRGINIA

)  
) SS

COUNTY OF FAIRFAX

On this 24<sup>th</sup> day of May, 20 05, before me appeared JAVIER CLAWSON, to me personally known, who, being by me duly sworn, did say that he is the ASSISTANT SECRETARY-TREASURER of the National Rural Utilities Cooperative Finance Corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors and said ASSISTANT SECRETARY-TREASURER acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

  
\_\_\_\_\_  
Notary Public

(Notarial Seal)

**Hilda J. Gonzalez**  
**NOTARY PUBLIC**  
**Commonwealth of Virginia**  
**My Commission Expires 12/31/2008**

My commission expires: \_\_\_\_\_

**SCHEDULE A: Part One**

1. The Maximum Debt Limit referred to in Section 1.01 is \$100,000,000.00
2. The state referred to in Section 1.04 is Kentucky.
3. The addresses of the parties referred to in Sections 1.05 and 6.05 are as follows:

As to the Mortgagor:

Inter-County Energy Cooperative Corporation  
1009 Hustonville Road  
Danville, Kentucky 40422

As to the Mortgagees:

Rural Utilities Service  
United States Department of Agriculture  
Washington, DC 20250-1500

National Rural Utilities  
Cooperative Finance Corporation  
2201 Cooperative Way  
Herndon, Virginia 20171-3025

4. The Original Mortgage as referred to in the first WHEREAS clause above is more particularly described as follows:

<u>Instrument Title</u>	<u>Instrument Date</u>
Restated Mortgage and Security Agreement	March 2, 1998
Supplemental Mortgage	March 1, 2002

5. The outstanding secured obligations of the Mortgagor referred to in the fourth WHEREAS clause above are evidenced by the Original Notes described below:

**ORIGINAL NOTES issued to the Government<sup>1</sup>**

<u>Loan Designation</u>	<u>Face Amount</u>	<u>Date</u>	<u>Final Maturity</u>	<u>% Rate<sup>2</sup></u>
AC	\$504,000.00	25 Sep 1970	25 Sep 2005	2.00
AD2	\$334,000.00	29 Jan 1972	29 Jan 2007	2.00
AE2	\$449,000.00	24 Jun 1972	24 Jun 2007	2.00
AG6	\$657,000.00	12 Sep 1973	12 Sep 2008	5.00
AH6	\$394,000.00	23 Jul 1974	23 Jul 2009	5.00
AK6	\$392,000.00	28 Mar 1975	28 Mar 2010	5.00
AL6	\$612,000.00	21 Jan 1976	21 Jan 2011	5.00
AM6	\$610,000.00	16 Sep 1976	16 Sep 2011	5.00
AN6	\$617,000.00	4 Aug 1977	4 Aug 2012	5.00
AP6	\$617,000.00	22 May 1978	22 May 2013	5.00
AR6	\$2,243,000.00	26 May 1979	26 May 2014	5.00
AS6	\$1,619,000.00	14 Jan 1982	14 Jan 2017	5.00
AT6	\$1,336,000.00	27 Mar 1985	27 Mar 2020	5.00
AU6	\$2,030,000.00	25 May 1988	25 May 2023	5.00
AV6	\$2,741,000.00	19 Aug 1991	19 Aug 2026	5.00
AW6	\$3,312,000.00	12 Nov 1993	12 Nov 2028	5.00
AX61	\$5,275,000.00	2 Mar 1998	2 Mar 2033	V
AY8 <sup>3</sup>	\$6,328,000.00	1 Sep 1999	31 Dec 2033	V
AZ8 <sup>4</sup>	\$21,480,000.00	1 Mar 2002	31 Dec 2036	V
BA44	\$20,709,000.00	1 Jun 2005	1 Jun 2040	V

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<sup>1</sup>"Government" as used in this listing refers to the United States of America acting through the Administrator of the Rural Utilities Service (RUS) or its predecessor agency, the Rural Electrification Administration (REA). Any Notes which are payable to a third party and which either RUS or REA has guaranteed as to payment are also described in this listing as being issued to the Government. Such guaranteed Notes are typically issued to the Federal Financing Bank (FFB), an instrumentality of the United States Department of Treasury, and held by RUS, but may also be issued to non-governmental entities.

<sup>2</sup>V=variable interest rate calculated by RUS pursuant to title 7 of the Code of Federal Regulations or by the Secretary of Treasury. CFC=an interest rate which may be fixed or variable from time to time as provided in the CFC Loan Agreement pertaining to a loan which has been made by CFC and guaranteed by RUS. CoBank=an interest rate which may be fixed or variable from time to time as provided in the CoBank Loan Agreement pertaining to a loan which has been made by CoBank and guaranteed by RUS.

<sup>3</sup>In addition to this note which the Mortgagor has issued to FFB, the Mortgagor has also issued a corresponding promissory note to RUS designated as the certain "Reimbursement Note" bearing even date therewith. Such Reimbursement Note is payable to the Government on demand and evidences the Mortgagor's obligation immediately to repay RUS, any payment which RUS may make pursuant to the RUS guarantee of such FFB note, together with interest, expenses and penalties (all as described in such Reimbursement Note). Such Reimbursement Note is an "ORIGINAL NOTE issued to the Government" for purposes of this Part One of Schedule A and this Mortgage and is entitled to all of the benefits and security of this Mortgage.

<sup>4</sup>See footnote 3 in this Schedule A.

**SCHEDULE A: Part Two**

The outstanding secured obligations of the Mortgagor referred to in the fourth WHEREAS clause above are evidenced by the Original Notes described below:

**ORIGINAL NOTES issued to CFC**

<u>CFC Loan Designation</u>	<u>Face Amount of Note</u>	<u>Note Date</u>	<u>Maturity Date</u>
KY027-C-9001	\$37,000.00	01/29/1972	04/29/2007
KY027-C-9002	\$112,000.00	06/24/1972	09/24/2007
KY027-C-9004	\$281,000.00	09/12/1973	09/12/2008
KY027-C-9007	\$169,000.00	07/23/1974	07/23/2009
KY027-C-9008	\$168,000.00	03/28/1975	03/28/2010
KY027-C-9010	\$262,000.00	01/21/1976	01/21/2011
KY027-C-9012	\$262,000.00	09/16/1976	09/16/2011
KY027-C-9014	\$265,000.00	08/04/1977	08/04/2012
KY027-C-9016	\$264,000.00	05/22/1978	05/22/2013
KY027-C-9017	\$1,012,000.00	05/26/1979	05/26/2014
KY027-C-9021	\$730,000.00	01/14/1982 (substituted 12/21/1983)	01/14/2017
KY027-C-9022	\$590,722.00	03/27/1985	03/27/2020
KY027-C-9023	\$896,907.00	05/25/1988	05/25/2023
KY027-C-9024	\$1,210,309.00	08/19/1991	08/19/2026
KY027-C-9025	\$1,463,918.00	11/12/1993	11/12/2028
KY027-C-9026	\$2,261,000.00	03/02/1998	03/02/2033

## **SCHEDULE B**

### **Property Schedule**

The fee and leasehold interests in real property referred to in Subclause A of Granting Clause First are described on the attached pages designated 1 through 2 of this Schedule B.

The recording jurisdictions referred to in Subclause B of Granting Clause First are: Boyle, Casey, Garrard, Larue, Lincoln, Madison, Marion, Mercer, Nelson, Rockcastle, Taylor and Washington in the Commonwealth of Kentucky.

The contracts referred to in Subclause C of Granting Clause First include without limitation the Wholesale Power Contract, dated as of October 1, 1964, between the Mortgagor and East Kentucky Power Cooperative, Inc., as amended.

1. All that certain tract of land described in a certain deed, dated May 4, 1948, executed and delivered by W.F. Moss and Edna Woford Moss, his wife, as grantors, to the Mortgagor, as grantee, recorded on May 14, 1948, in the office of the Clerk of the County Clerk, Boyle County, in the Commonwealth of Kentucky in Deed Book No. 81, Page 117, also correction deed, dated May 17, 1950, recorded in said office May 26, 1950, in Book 84, Page 521.
2. A certain tract of land situated in Boyle County, State of Kentucky, described in a certain deed, dated December 19, 1964, executed and delivered by Edna Woford Moss, a widow, as grantor, to the Mortgagor, as grantee, and recorded in the deed record of the County of Boyle, on December 19, 1964, in Deed Book 145, at Page 125. Also correction deed of Edna Woford Moss, a widow, dated August 5, 1965, and recorded in said office in Deed Book 148, Page 249.

There is excepted from the property referred to in paragraphs 1 and 2 supra, that certain real property conveyed to the Commonwealth of Kentucky for the use and benefit of the Transportation Cabinet by Deed from Inter-County Rural Electric Cooperative Corporation, dated July 23, 1984, and recorded in Deed Book 252, Page 499 in the office of the Clerk of the Boyle County Clerk.

3. A certain tract of land situated in Boyle County, State of Kentucky, described in a certain deed, dated January 25, 1979 executed and delivered by Edna Moss, a widow, as grantor, to the Mortgagor, as grantee, and recorded in the deed records of the County of Boyle on January 26, 1979, in Deed Book 222, at Page 515.
4. All that certain tract of land described in a certain deed, dated November 21, 1955, executed and delivered by J. Paul Benedict and Mildred P. Benedict, his wife, as grantors, to the Mortgagor, as grantee, recorded November 21, 1955, in the office of the Clerk of the County Court of Boyle County in the Commonwealth of Kentucky in Deed Book 100, Page 467.



5. A certain tract of land situated in Marion County, State of Kentucky, and being a part of that certain real property, described in a certain deed, dated April 28, 1964, executed and delivered by Robert Thompson and Clara Thompson, his wife, as grantors, to the Mortgagor, as grantee, and recorded in the deed records of the County of Marion, on April 28, 1964, in Deed Book 81, at Page 261.
  - (a) There is excepted from the property referred to in paragraph 5 supra, that certain real property conveyed to the Commonwealth of Kentucky for the use and benefit of the Transportation Cabinet of Kentucky by Deed from Inter-County Rural Electric Cooperative Corporation, dated April 19, 1980, and recorded in Deed Book 122, Page 275, in the office of the Clerk of Marion County and that certain real property conveyed to the Marion County Water District by deed, dated the 26<sup>th</sup> day of January, 1979 and recorded in Deed Book 117, Page 594, in the office of the Clerk of Marion County Court.
  
6. A certain tract of land situated in Marion County, State of Kentucky, described in a certain deed, dated September 24, 1979, executed and delivered by Joe Paul Daugherty and Gloria Jean Daugherty, his wife, Clifton Daugherty and Nancy Daugherty, his wife, C.B. O'Sullivan and Nora O'Sullivan, his wife, and Lester Farmer and Emogene Farmer, his wife, as grantors, to the Mortgagors, as grantee, and recorded in the deed records of the County of Marion, on October 10, 1979, in Deed Book 120, Page 373.

**SCHEDULE C**  
**Excepted Property**

None.

**Exhibit A**

**Manager's Certificate**

MANAGER'S CERTIFICATE REQUIRED UNDER MORTGAGE SECTION 2.01 FOR ADDITIONAL NOTES

On behalf of \_\_\_\_\_ (*Name of Borrower*) (the "Borrower"),

I \_\_\_\_\_ hereby certify as follows:

- 1. I am the Manager of the Borrower and have been duly authorized to deliver this certificate in connection with the Additional Note or Notes to be issued on or about \_\_\_\_\_ *Date Note(s) are to be Signed* pursuant to Section 2.01 of the Mortgage dated \_\_\_\_\_.
- 2. No Event of Default has occurred and is continuing under the Mortgage, or any event which with the giving of notice or lapse of time or both would become an Event of Default has occurred and is continuing.
- 3. The Additional Notes described in paragraph 1 are for the purpose of funding Property Additions being constructed, acquired, procured or replaced that are or will become part of the Borrower's Utility System.
- 4. The Property Additions referred to in paragraph 3 are Eligible Property Additions, i.e. Property Additions acquired or whose construction was completed not more than 5 years prior to the issuance of additional Notes and Property Additions acquired or whose construction is started and/or completed not more than 4 years after issuance of the additional Notes, but shall exclude any Property Additions financed by any other debt secured under the Mortgage at the time additional Notes are issued
- 5. I have reviewed the certificate of the Independent certified public accountant also being delivered to each of the Mortgagees pursuant to Section 2.01 in connection with the aforesaid Additional Note or Notes and concur with the conclusions expressed therein.
- 6. Capitalized terms that are used in this certificate but are not defined herein have the meanings defined in the Mortgage.

SAMPLE - NOT FOR EXECUTION \_\_\_\_\_

Signed

Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

Name and Address of Borrower:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Exhibit B**

**Form of Supplemental Mortgage**

---

Supplemental Mortgage and Security Agreement, dated as of \_\_\_\_\_, (hereinafter sometimes called this "Supplemental Mortgage") is made by and among \_\_\_\_\_ (hereinafter called the "Mortgagor"), a corporation existing under the laws of the State of \_\_\_\_\_, and the UNITED STATES OF AMERICA acting by and through the Administrator of the Rural Utilities Service (hereinafter called the "Government"), \_\_\_\_\_ (Supplemental Lender) (hereinafter called \_\_\_\_\_), a \_\_\_\_\_ existing under the laws of \_\_\_\_\_, and intended to confer rights and benefits on both the Government and \_\_\_\_\_ and \_\_\_\_\_ in accordance with this Supplemental Mortgage and the Original Mortgage (hereinafter defined) (the Government and the Supplemental Lenders being hereinafter sometimes collectively referred to as the "Mortgagees").

**Recitals**

Whereas, the Mortgagor, the Government and \_\_\_\_\_ are parties to that certain Restated Mortgage and Security Agreement (the "Original Mortgage" as identified in Schedule "A" of this Supplemental Mortgage) originally entered into between the Mortgagor, the Government acting by and through the Administrator of the Rural Utilities Service (hereinafter called "RUS"), and \_\_\_\_\_; and

Whereas, the Original Mortgage as the same may have been previously supplemented, amended or restated is hereinafter referred to as the "Existing Mortgage"; and

Whereas, the Mortgagor deems it necessary to borrow money for its corporate purposes and to issue its promissory notes and other debt obligations therefor, and to mortgage and pledge its property hereinafter described or mentioned to secure the payment of the same, and to enter into this Supplemental Mortgage pursuant to which all secured debt of the Mortgagor hereunder shall be secured on parity, and to add \_\_\_\_\_ as a Mortgagee and secured party hereunder and under the Existing Mortgage (the Supplemental Mortgage and the Existing Mortgage, hereinafter sometimes collectively referred to the "Mortgage"); and

Whereas, all of the Mortgagor's Outstanding Notes listed in Schedule "A" hereto is secured pari passu by the Existing Mortgage for the benefit of all of the Mortgagees under the Existing Mortgage; and

Whereas, the Existing Mortgage provides the terms by which additional pari passu obligations may be issued thereunder and further provides that the Existing Mortgage may be supplemented from time to time to evidence that such obligations are entitled to the security of the Existing Mortgage and to add additional Mortgagees; and

Whereas, by their execution and delivery of this Supplemental Mortgage the parties hereto do hereby secure the Additional Notes listed in Schedule "A" pari passu with the Outstanding Notes under the Existing Mortgage {and do hereby add \_\_\_\_\_ as a Mortgagee and a secured party under the Existing Mortgage}; and

Whereas, all acts necessary to make this Supplemental Mortgage a valid and binding legal instrument for the security of such notes and related obligations under the terms of the Mortgage, have been in all respects duly authorized:

Now, Therefore, This Supplemental Mortgage Witnesseth: That to secure the payment of the principal of (and premium, if any) and interest on all Notes issued hereunder according to their tenor and effect, and

the performance of all provisions therein and herein contained, and in consideration of the covenants herein contained and the purchase or guarantee of Notes by the guarantors or holders thereof, the Mortgagor has mortgaged, pledged and granted a continuing security interest in, and by these presents does hereby grant, bargain, sell, alienate, remise, release, convey, assign, transfer, hypothecate, pledge, set over and confirm, pledge and grant a continuing security interest in for the purposes hereinafter expressed, unto the Mortgagees all property, rights, privileges and franchises of the Mortgagor of every kind and description, real, personal or mixed, tangible and intangible, of the kind or nature specifically mentioned herein or any other kind or nature, except any Excepted Property set forth on Schedule "C" hereof owned or hereafter acquired by the Mortgagor (by purchase, consolidation, merger, donation, construction, erection or in any other way) wherever located, including (without limitation) all and singular the following:

- A. all of those fee and leasehold interests in real property set forth in Schedule "B" hereto, subject in each case to those matters set forth in such Schedule; and
- B. all of those fee and leasehold interests in real property set forth in Schedule "B" of the Existing Mortgage or in any restatement, amendment or supplement thereto, subject in each case to those matters set forth in such Schedule; and
- C. all of the kinds, types or items of property, now owned or hereafter acquired, described as Mortgaged Property in the Existing Mortgage or in any restatement, amendment to supplement thereto as Mortgaged Property.

It is Further Agreed and Covenanted That the Original Mortgage, as previously restated, amended or supplemented, and this Supplement shall constitute one agreement and the parties hereto shall be bound by all of the terms thereof and, without limiting the foregoing.

- 1. All capitalized terms not defined herein shall have the meaning given in Article I of the Existing Mortgage.
- 2. This Supplemental Mortgage is one of the Supplemental Mortgages contemplated by Article II of the Original Mortgage.
- 3. The Maximum Debt Limit for the Mortgage shall be as set forth in Schedule "A" hereto.

In Witness Whereof, \_\_\_\_\_ as Mortgagor

[ACKNOWLEDGMENTS]

**SAMPLE - NOT FOR EXECUTION**



**Supplemental Mortgage Schedule B**

**Property Schedule**

The fee and leasehold interests in real property referred to in clause A of the Granting Clause are described on the attached pages designated through of this Schedule B.

APPLICATION OF INTER-COUNTY ENERGY COOPERATIVE

EXHIBIT 2

FINANCIAL EXHIBIT – 807 KAR 5:001, SECTION 6

Unless otherwise noted, the financial information contained in this Exhibit is for the twelve months ending or as of April 30, 2010, which is within the 90-day requirement of 807 KAR 5:001, Section 6.

Section 6(1) Inter-County has no stock authorized.

Section 6(2) Inter-County has no stock issued or outstanding.

Section 6(3) Inter-County has no preferred stock issued.

Section 6(4) All of Inter-County's loans with the RUS and CFC are secured by the Restated Mortgage and Security Agreement which was executed on June 1, 2005 shown in Exhibit 1. Inter-County is the mortgagor, while the RUS and CFC are the mortgagees. The total debt limit is \$150,000,000. The current actual indebtedness is shown as Attachment A, pages 1-2 of Exhibit 2. There are no sinking fund provisions contained in the Restated Mortgage. RUS is presently preparing a new Restated Mortgage and Security Agreement that we will forward upon receipt.

Section 6(5) Inter-County has no bonds authorized or issued.

Section 6(6) Attachment A to this Exhibit contains the listing of Inter-County's total notes outstanding.

Section 6(7) Inter-County has no other indebtedness.

Section 6(8) As Inter-County has no stock authorized, issued or outstanding, no dividends have been paid during the five previous fiscal years.

Section 6(9) Attachments B and C to this Exhibit contains Inter-County's detailed income statement and balance sheet.



**FINANCIAL EXHIBITS FOR INTER-COUNTY ENERGY  
NOTES EXECUTED  
AS OF APRIL 30, 2010**

	Note	Interest Rate	Date	Original Balance	Principal Payment	Balance
RUS	1B260	5%	1/21/76	306,000	291,917	14,083
	1B262	5%	1/21/76	306,000	291,917	14,083
	1B270	5%	9/16/76	305,000	277,509	27,491
	1B272	5%	9/16/76	305,000	277,509	27,491
	1B280	5%	8/4/77	308,500	267,510	40,990
	1B282	5%	8/4/77	308,500	267,510	40,990
	1B290	5%	5/22/78	308,500	254,600	53,900
	1B292	5%	5/22/78	308,500	254,600	53,900
	1B300	5%	5/26/79	1,121,500	866,767	254,733
	1B302	5%	5/26/79	1,121,500	866,752	254,748
	1B310	5%	1/14/82	809,500	521,417	288,083
	1B312	5%	1/14/82	809,500	521,417	288,083
	1B320	5%	3/27/85	668,000	350,085	317,915
	1B323	5%	3/27/85	668,000	340,784	327,216
	1B330	5%	5/25/88	1,015,000	418,532	596,468
	1B333	5%	5/25/88	1,015,000	401,890	613,110
	1B340	5%	8/19/91	1,370,000	431,280	938,720
	1B341	5%	8/19/91	500	148	352
	1B343	5%	8/19/91	1,370,500	405,616	964,884
	1B350	5%	11/12/93	1,656,000	423,935	1,232,065
	1B356	5%	11/12/93	1,656,000	390,534	1,265,466
	1B360	5.12%	3/2/98	2,637,500	408,368	2,229,132
	1B365	3.62%	3/2/98	2,637,500	614,519	2,022,981
	1B370	4.70%	3/21/06	3,000,000	119,609	2,880,391
	1B371	4.77%	1/2/07	3,000,000	117,671	2,882,329
	1B372	4.84%	9/28/07	3,000,000	104,804	2,895,196
	1B373	4.49%	4/30/08	3,000,000	88,074	2,911,926
	1B374	3.50%	3/9/09	4,200,000	82,582	4,117,418
	1B375	4.75%	3/29/10	4,509,000	5,888	4,503,112
		Totals			41,721,000	9,663,745
						Less Advance Payments Unapplied -567,581
						<b>31,489,674</b>
CFC	9010	5.90%	5/20/76	262,000	247,627	14,373
	9012	5.95%	10/31/76	262,000	234,413	27,587
	9014	6.00%	11/15/77	265,000	223,035	41,965
	9016	6.00%	8/3/78	264,000	207,132	56,868
	9017	6.00%	12/31/79	1,012,000	756,430	255,570
	9021	6.05%	1/10/84	730,000	442,641	287,359

9022	6.20%	5/5/86	590,722	259,914	330,808
9023	6.35%	2/2/88	896,907	359,462	537,445
9024	6.45%	9/24/91	1,210,309	355,841	854,468
9025	6.45%	11/12/93	1,420,000	286,758	1,133,242
9026	6.50%	3/2/98	2,261,000	281,790	1,979,210

Totals 9,173,938 3,655,043 **5,518,895**

**FFB**

H0010	0.051%	9/1/1999	1,500,000	308,676	1,191,324
H0015	0.051%	9/1/1999	2,000,000	411,568	1,588,432
H0020	0.051%	9/1/1999	2,607,000	536,479	2,070,521
H0025	0.051%	9/1/1999	221,000	44,762	176,238
H0030	0.049%	8/8/2002	4,000,000	547,004	3,452,996
H0035	0.049%	12/2/2002	2,000,000	273,502	1,726,498
H0040	0.049%	10/15/2003	2,000,000	273,394	1,726,606
H0045	0.049%	6/15/2004	3,500,000	436,724	3,063,276
H0050	0.049%	1/24/2005	3,175,000	349,938	2,825,062
H0055	0.049%	10/13/2005	3,611,000	353,497	3,257,503
H0060	0.049%	3/21/2006	3,194,000	288,963	2,905,037

Totals 27,808,000 3,824,507 **23,983,493**

**Grand Totals 37,000,078 7,486,315 60,992,061**

**EKPC Marketing Loans \***

17	3.70%	Jan '09	2,913	1,974	939
18	4.40%	Feb '10	5,178	1,175	4,003
19	4.40%	Feb '09	10,050	3,616	6,434

Totals 18,140 6,764 11,376

**RUS Form 7, Part C, Line 42 = 61,003,437**

\* Our marketing loans from East Ky Power Co-op are actually not long-term debt. These are 2-year renewable notes. Since a computer software conversion, these notes have been included on Line 42 of Form 7, Part C. They should be included on Line 46 - Notes Payable.

**INTER-COUNTY ENERGY**  
**STATEMENT OF OPERATIONS**

ITEM	Twelve Months ending April 30, 2010
1. Operating Revenue and Patronage Capital	45,393,907
2. Power Production Expense	
3. Cost of Purchased Power	30,626,045
4. Transmission Expense	
5. Distribution Expense - Operation	2,044,681
6. Distribution Expense - Maintenance	1,933,338
7. Customer Accounts Expense	2,080,551
8. Customer Service & Informational Expense	572,611
9. Sales Expense	
10. Administrative & General Expense	1,839,081
11. Total Operation & Maintenance Expense (2 thru 10)	39,096,307
12. Depreciation & Amortization Expense	3,029,617
13. Tax Expense - Property & Gross Receipts	
14. Tax Expense - Other	44,013
15. Interest on Long-Term Debt	1,660,725
16. Interest Charged to Construction - Credit	
17. Interest Expense - Other	28,828
18. Other Deductions	14,494
19. Total Cost of Electric Service (11 thru 18)	43,873,984
20. Patronage Capital & Operating Margins (1 minus 19)	1,519,923
21. Non-Operating Margins - Interest	80,480
22. Allowance for Funds Used During Construction	
23. Income (Loss) from Equity Investments	
24. Non-Operating Margins - Other	(15,346)
25. Generation & Transmission Capital Credits	1,356,429
26. Other Capital Credits & Patronage Dividends	78,828
27. Extraordinary Items	
28. Patronage Capital or Margins (20 thru 27)	3,020,314

FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION	
		KY0027	
		PERIOD ENDED	
		April 30, 2010	
Part C. Balance Sheet			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	96,726,404	29. Memberships	1,017,785
2. Construction Work in Progress	1,008,291	30. Patronage Capital	26,021,035
3. Total Utility Plant (1+2)	97,734,696	31. Operating Margins - Prior Years	150,817
4. Accum. Provision for Depreciation & Amort.	21,984,969	32. Operating Margins - Current Year	2,627,520
5. Net Utility Plant (3-4)	75,749,727	33. Non-Operating Margins	25,637
6. Non-Utility Property (Net)	0	34. Other Margins & Equities	(370,189)
7. Investments in Subsidiary Companies	0	35. Total Margins & Equities (29 thru 34)	29,472,606
8. Invest. in Assoc. Org. - Patronage Capital	9,669,753	36. Long-Term Debt - RUS (Net)	32,057,255
9. Invest. in Assoc. Org. - General Funds	0	37. Long-Term Debt - RUS - Econ. Devel. (Net)	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,210,626	38. Long-Term Debt - FFB - RUS Guaranteed	23,983,493
11. Investments in Economic Development Projects	39,815	39. Long-Term Debt - Other - RUS Guaranteed	0
12. Other Investments	9,367	40. Long-Term Debt Other (Net)	5,530,271
13. Special Funds	0	41. Prepayments - Unapplied	567,581
14. Total Other Property & Investments (6 thru 13)	10,929,560	42. Total Long-Term Debt (36 thru 40)	61,003,437
15. Cash - General Funds	1,824,409	43. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	44. Accum. Operating Prov. & Asset Retire. Obligations	2,566,625
17. Special Deposits	0	45. Total Other Noncurrent Liabilities (42+43)	2,566,625
18. Temporary Investments	3,500,000	46. Notes Payable	0
19. Notes Receivable (Net)	84,159	47. Accounts Payable	2,189,764
20. Accounts Receivable - Sales of Energy (Net)	3,625,633	48. Consumers Deposits	406,741
21. Accounts Receivable - Other (Net)	1,200,635	49. Current Maturities Long-Term Debt	0
22. Materials & Supplies - Electric & Other	263,190	50. Current Maturities Long-Term Debt - Econ. Dev.	0
23. Prepayments	399,504	51. Current Maturities Capital Leases	0
24. Other Current & Accrued Assets	0	52. Other Current and Accrued Liabilities	1,380,438
25. Total Current & Accrued Assets (15 thru 24)	10,897,530	53. Total Current & Accrued Liabilities (45 thru 51)	3,976,943
26. Regulatory Assets	0	54. Regulatory Liabilities	0
27. Other Deferred Debits	-317,308	55. Other Deferred Credits	239,898
28. Total Assets & Other Debits (5+14+25 thru 27)	97,259,509	56. Total Liabilities & Other Credits (35+41+44+52 thru 54)	97,259,509

**INTER-COUNTY ENERGY COOPERATIVE CORPORATION**

**RESOLUTION OF BOARD OF DIRECTORS**

**REFINANCING OF RURAL UTILITIES SERVICE 5% NOTES**

**WHEREAS**, a refinancing of Rural Utilities Service (RUS) secured debt is permitted under Article II, Section 2.02 of the RUS mortgage,

**WHEREAS**, Inter-County Energy has approximately \$12 million of RUS fixed 5% notes with maturities ranging from 2 to 35 years,

**WHEREAS**, in the current interest rate environment it appears that Inter-County will realize a savings if it replaces said RUS 5% notes with CoBank notes,

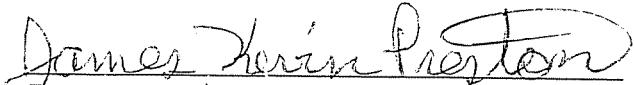
**WHEREAS**, the interest rate changes daily and the exact date of the loan closing is undeterminable because Kentucky Public Service Commission (KPSC) approval is required,

**NOW THEREFORE BE IT RESOLVED**, that James L. Jacobus, President/CEO, is authorized and directed, on behalf of Inter-County, to seek KPSC approval for refinancing all or a portion of said RUS 5% notes, as determined by the President/CEO and approved by KPSC.

**BE IT FURTHER RESOLVED**, that the effective interest rate on these new notes, exclusive of capital credit retirements, shall be 5% or less, the schedule for the new note payments shall be substantially the same as the current payment schedule, and the stated interest rate shall be fixed with no interest repricing risk.

I, James Kevin Preston, Secretary/Treasurer of Inter-County Energy, do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of Inter-County Energy on May 21, 2010, at which a quorum was present and voted.

(Seal)

  
James Kevin Preston, Secretary/Treasurer



May 24, 2010

Vickie Lay  
Vice President Finance & Accounting  
Inter-County Energy Cooperative Corp.  
P.O. Box 87  
Danville, KY 40423

Dear Vickie,

The purpose of this letter is to confirm the agreement between CoBank, ACB ("CoBank") and Inter-County Energy Cooperative Corp. (the "Company") regarding the forward setting of a fixed rate with respect to a \$5,002,198 term loan to refinance the Rural Utilities Service. The terms of our agreement are as follows:

1. Amount to be fixed: \$5,002,198
2. Fixed Rate: 4.55% per annum.
3. Date fixed rate period commences: May 24, 2010
4. Date forward fixed rate expires: July 20, 2010
5. Date fixed rate period ends: July 20, 2026
6. Amount to be fixed does amortize over the fixed rate period as follows: Monthly level P&I payments commencing July 20, 2010 and ending July 20, 2026.
7. Broken Funding Charge: The Company agrees to pay to CoBank, on demand, a broken funding charge in the amount specified below if the Company does not, for any reason whatsoever (including, without limitation, the Company's failure to satisfy applicable conditions precedent or the underlying loan commitment having been suspended or canceled or the reasons set forth in paragraph 8 below), borrow all of the amount to be fixed hereunder on the first day of the fixed rate period. The broken funding charge shall be in an amount (calculated in accordance with methodology established by CoBank) equal to the present value of the sum of: (1) all losses and expenses incurred by CoBank in retiring, liquidating, or reallocating any debt, obligation, or cost incurred or allocated by CoBank to fund or hedge the forward fixed rate; plus (2) 1/2 of 1 percent of the amount to be fixed hereunder for the period such amount was scheduled to have been outstanding at the rate set forth above.
8. Please be advised that the loan requested by you has not been approved by CoBank, nor has a commitment for such loan been issued by CoBank. By signing this agreement, you acknowledge and agree that the broken funding charge provision will be applicable in the event that approval for the requested loan shall be denied or not obtained prior to the expiration date above.

For our records, please acknowledge our agreement by signing in the space provided below and by returning this confirmation to my attention prior to the close of business today.

CoBANK, ACB

By:

Title:

Bill LaRocca  
Vice President

AGREED AND ACCEPTED as of the date shown above:

Inter-County Energy Cooperative Corporation

By:

Title:

James L. Goodwin  
PRESIDENT / CEO

# **Inter-County Energy Cooperative**

**RUS Refinancing Term Loan  
\$5,002,198**

**May 24, 2010**

## **Table of Contents**

### **Executive Summary**

- 1. Existing RUS Loan Profile & Summary Analysis**
- 2. Side by Side Comparison of RUS Notes and CoBank Loan**
- 3. CoBank Patronage and Effective Cost of Borrowing - RUS Notes**
- 4. Closing Procedures**

## Executive Summary

Inter-County Energy Cooperative Corporation (Inter-County) currently holds approximately \$5.0 million in RUS debt at an interest rate of 5%, which would qualify for CoBank refinancing at a life time fixed rate currently of 4.55%. At such a rate, CoBank's patronage refunds would result in an effective rate of approximately 3.80%, an effective savings of 75 basis points. The total projected savings amounts to \$439,739 with a present value of \$299,312. CoBank requests Inter-County's consideration as lender for these loans. Such refinancing of mortgage debt is permitted by RUS under Article II, Section 2.02 of the Mortgage.

We have enclosed for your review a profile of existing eligible notes including a comparison of savings opportunity (Tab 1), a side by side comparison of the RUS loans' interest cost versus CoBank's loan interest cost and patronage payments (Tab 2), an analysis of CoBank's Patronage Refunds, Capital Plan and Effective Cost of Borrowing (Tab 3) and a summary of anticipated closing procedures (Tab 4).

We propose to consolidate the eighteen RUS notes into a single note with a principal repayment schedule matching the consolidated scheduled principal payments of all of the RUS refinanced notes. This would decrease Inter-County's administration while, at the same time, not increase principal debt service.

CoBank is pleased to have this opportunity to present this information as part of its effort to find innovative ways for Inter-County to enhance its success. This booklet is not a commitment to lend or an offer to make a loan. A commitment shall be in the form of a loan agreement upon receipt of an acceptable application, resolution, and other documentation as required by CoBank. Thank you for your consideration.



# TAB 1

**RUS notes proposed for refinancing:**

<b>Note ID</b>	<b>Principal Balance</b>	<b>Final Payment Date</b>	<b>Years Remaining</b>	<b>Weighted Average Life</b>
1B260	9,456.72	02/28/2011	0.67	0.38
1B262	9,456.72	02/28/2011	0.67	0.38
1B270	23,048.84	08/31/2011	1.17	0.73
1B272	23,048.84	08/31/2011	1.17	0.73
1B280	36,662.65	08/31/2012	2.17	1.15
1B282	36,662.65	08/31/2012	2.17	1.15
1B290	49,736.13	05/31/2013	2.92	1.55
1B292	49,736.13	05/31/2013	2.92	1.55
1B300	240,335.75	05/31/2014	3.92	2.09
1B302	240,335.39	05/31/2014	3.92	2.09
1B310	278,995.91	11/30/2016	6.42	3.55
1B312	278,995.91	11/30/2016	6.42	3.55
1B320	313,656.60	01/31/2020	9.59	5.04
1B323	322,862.24	01/31/2020	9.59	5.06
1B330	590,947.68	03/31/2023	12.76	6.92
1B333	607,464.06	03/31/2023	12.76	6.95
1B340	932,387.08	06/30/2026	16.01	8.94
1B343	958,408.59	07/31/2026	16.10	8.98
<b>Totals</b>	<b>5,002,197.89</b>		<b>16.10</b>	<b>6.16</b>

**Interest Savings (over life of notes):**

<b><u>Total Interest RUS @ 5.00%</u></b>	<b><u>Total Interest CoBank @ 4.55%</u></b>	<b><u>Total Savings</u></b>
<b>\$1,604,411</b>	<b>\$1,485,661</b>	<b>\$118,750</b>
<b>CoBank Cash Patronage Refund:</b>		<b>\$208,642</b>
<b>CoBank Stock Patronage Refund:</b>		<b><u>\$112,346</u></b>
<b>Total Life Time Benefit:</b>		<b><u>\$439,739</u></b>
<b>Present Value of Benefit (discounted @ 4.55%)</b>		<b><u>\$299,312</u></b>

There are no prepayment penalties arising from prepayment of RUS debt. CoBank would document this transaction using outside counsel to be paid by Inter-County. The estimated cost is \$5,000 and is included in the loan analysis under tab 2 (shown in the column Legal Cost/Pat. Refund). The documentation cost is considered in the effective interest rate analysis.

# TAB 2

**Inter County  
Annual Summary  
Scenario - Matching RUS Principal Repayment**

Loan Amount	\$5,002,198
CoBank Loan Interest Rate	4.55%
Lifetime Cash Flow Savings	\$439,739
Lifetime CoBank Patronage	\$320,988
Lifetime Interest Savings	\$118,750
Lifetime NPV Benefit	\$299,312

	Combined RUS Loans				CoBank Loan					
	Principal Balance	Annual Principal Payment	Annual Interest Payment	Total Ann Cash Flow	Annual Cash Flow Differential	Total Ann Cash Flow	Annual Interest Payment	Annual Principal Payment	Principal Balance	Patronage Refund
2010	\$4,735,817	\$266,381	\$122,295	\$388,676	\$4,092	\$384,584	\$118,203	\$266,381	\$4,735,817	\$0
2011	\$4,229,669	\$506,148	\$225,091	\$731,239	\$33,443	\$697,796	\$207,678	\$506,148	\$4,229,669	-\$16,030
2012	\$3,747,237	\$482,432	\$200,274	\$682,706	\$44,747	\$637,959	\$184,781	\$482,432	\$3,747,237	-\$29,254
2013	\$3,288,415	\$458,822	\$176,736	\$635,558	\$39,704	\$595,853	\$163,063	\$458,822	\$3,288,415	-\$26,032
2014	\$2,921,581	\$366,834	\$155,400	\$522,234	\$34,990	\$487,244	\$143,378	\$366,834	\$2,921,581	-\$22,968
2015	\$2,574,779	\$346,802	\$138,187	\$484,989	\$30,886	\$454,103	\$127,497	\$346,802	\$2,574,779	-\$20,196
2016	\$2,215,531	\$359,248	\$120,481	\$479,729	\$27,280	\$452,449	\$111,161	\$359,248	\$2,215,531	-\$17,959
2017	\$1,936,314	\$279,217	\$104,424	\$383,641	\$23,738	\$359,903	\$96,346	\$279,217	\$1,936,314	-\$15,660
2018	\$1,642,812	\$293,502	\$90,140	\$383,643	\$20,545	\$363,098	\$83,167	\$293,502	\$1,642,812	-\$13,571
2019	\$1,334,293	\$308,518	\$75,126	\$383,644	\$17,526	\$366,118	\$69,314	\$308,518	\$1,334,293	-\$11,714
2020	\$1,090,951	\$243,342	\$61,072	\$304,415	\$14,487	\$289,928	\$56,348	\$243,342	\$1,090,951	-\$9,762
2021	\$840,086	\$250,865	\$48,845	\$299,710	\$11,716	\$287,994	\$45,066	\$250,865	\$840,086	-\$7,938
2022	\$576,385	\$263,700	\$36,012	\$299,712	\$9,132	\$290,580	\$33,226	\$263,700	\$576,385	-\$6,346
2023	\$399,806	\$176,579	\$24,254	\$200,834	\$6,554	\$194,280	\$22,378	\$176,579	\$399,806	-\$4,678
2024	\$244,138	\$155,668	\$16,454	\$172,122	\$4,423	\$167,699	\$15,181	\$155,668	\$244,138	-\$3,151
2025	\$80,450	\$163,688	\$8,489	\$172,176	\$2,795	\$169,382	\$7,832	\$163,688	\$80,450	-\$2,138
2026	\$0	\$80,450	\$1,131	\$81,581	\$19,846	\$61,735	\$1,044	\$80,450	\$0	-\$19,758
2027	\$0	\$0	\$0	\$0	\$19,318	-\$19,318	\$0	\$0	\$0	-\$19,318
2028	\$0	\$0	\$0	\$0	\$16,703	-\$16,703	\$0	\$0	\$0	-\$16,703
2029	\$0	\$0	\$0	\$0	\$14,417	-\$14,417	\$0	\$0	\$0	-\$14,417
2030	\$0	\$0	\$0	\$0	\$12,015	-\$12,015	\$0	\$0	\$0	-\$12,015
2031	\$0	\$0	\$0	\$0	\$9,769	-\$9,769	\$0	\$0	\$0	-\$9,769
2032	\$0	\$0	\$0	\$0	\$7,811	-\$7,811	\$0	\$0	\$0	-\$7,811
2033	\$0	\$0	\$0	\$0	\$5,757	-\$5,757	\$0	\$0	\$0	-\$5,757
2034	\$0	\$0	\$0	\$0	\$3,878	-\$3,878	\$0	\$0	\$0	-\$3,878
2035	\$0	\$0	\$0	\$0	\$2,631	-\$2,631	\$0	\$0	\$0	-\$2,631
2036	\$0	\$0	\$0	\$0	\$1,355	-\$1,355	\$0	\$0	\$0	-\$1,355
2037	\$0	\$0	\$0	\$0	\$179	-\$179	\$0	\$0	\$0	-\$179
2038	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2039	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2040	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2041	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2042	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2043	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2044	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2045	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Sum</b>		<b>\$5,002,198</b>	<b>\$1,604,411</b>	<b>\$6,606,609</b>	<b>\$439,739</b>	<b>\$6,166,870</b>	<b>\$1,485,661</b>	<b>\$5,002,198</b>		<b>\$320,988</b>

## Scenario - Matching RUS Principal Repayment

### EXISTING RUS LOANS

Beginning Loan Balance \$ 5,002,197.89  
 Final Payment Date 7/31/26  
 Remaining Monthly Pmts 193  
 Initial RUS Monthly Pmt \$36,988.48  
 Roll Forward Date 06/30/2010

### CoBANK REFINANCING LOAN

Beginning Loan Balance \$ 5,002,197.89  
 Final Payment Date 7/31/26  
 Remaining Monthly Pmts 193  
 CoBANK Interest Rate 4.55%  
 Legal Costs \$5,000

Lifetime Interest \$1,604,411      Lifetime Interest \$1,480,661  
 Present Value of RUS Cash Flow \$5,002,198      Present Value of CoBank Cash Flow \$4,702,886  
 NPV Benefit of Refi = \$299,312

### Combined RUS Loans

### CoBank Loan

	Payment Number	Principal Balance	Principal Payment	Interest Payment	Total Cash Flow	Total Cash Flow	Interest Payment	Principal Payment	Principal Balance	Legal Cost/Pat. Refund
06/30/2010	0	\$5,002,198							\$5,002,198	
07/31/2010	1	4,986,052	\$16,146	\$20,842	\$36,988	\$40,745	\$19,599	\$16,146	4,986,052	\$5,000
08/31/2010	2	4,886,715	99,336	20,775	120,112	118,505	19,168	99,336	4,886,715	0
09/30/2010	3	4,869,926	16,789	20,361	37,151	35,575	18,786	16,789	4,869,926	0
10/31/2010	4	4,853,571	16,355	20,291	36,646	35,076	18,722	16,355	4,853,571	0
11/30/2010	5	4,752,313	101,259	20,223	121,482	119,917	18,659	101,259	4,752,313	0
12/31/2010	6	4,735,817	16,496	19,801	36,297	34,765	18,269	16,496	4,735,817	0
01/31/2011	7	4,719,251	16,566	19,733	36,299	34,772	18,206	16,566	4,719,251	0
02/28/2011	8	4,625,148	94,102	19,664	113,766	112,245	18,142	94,102	4,625,148	0
03/31/2011	9	4,608,435	16,713	19,271	35,985	18,464	17,781	16,713	4,608,435	-16,030
04/30/2011	10	4,591,161	17,274	19,202	36,476	34,990	17,716	17,274	4,591,161	0
05/31/2011	11	4,497,722	93,439	19,130	112,569	111,089	17,650	93,439	4,497,722	0
06/30/2011	12	4,480,307	17,414	18,741	36,155	34,705	17,291	17,414	4,480,307	0
07/31/2011	13	4,463,304	17,003	18,668	35,671	34,227	17,224	17,003	4,463,304	0
08/31/2011	14	4,368,726	94,578	18,597	113,175	111,737	17,158	94,578	4,368,726	0
09/30/2011	15	4,351,100	17,626	18,203	35,829	34,421	16,795	17,626	4,351,100	0
10/31/2011	16	4,333,877	17,223	18,130	35,352	33,950	16,727	17,223	4,333,877	0
11/30/2011	17	4,247,041	86,836	18,058	104,894	103,497	16,661	86,836	4,247,041	0
12/31/2011	18	4,229,669	17,371	17,696	35,067	33,698	16,327	17,371	4,229,669	0
01/31/2012	19	4,212,224	17,445	17,624	35,069	33,705	16,260	17,445	4,212,224	0
02/29/2012	20	4,123,845	88,379	17,551	105,930	104,572	16,193	88,379	4,123,845	0
03/31/2012	21	4,106,247	17,598	17,183	34,780	4,197	15,853	17,598	4,106,247	-29,254
04/30/2012	22	4,088,114	18,133	17,109	35,243	33,919	15,786	18,133	4,088,114	0
05/31/2012	23	3,999,666	88,447	17,034	105,481	104,164	15,716	88,447	3,999,666	0
06/30/2012	24	3,981,385	18,281	16,665	34,946	33,657	15,376	18,281	3,981,385	0
07/31/2012	25	3,963,483	17,902	16,589	34,491	33,208	15,306	17,902	3,963,483	0
08/31/2012	26	3,883,583	79,900	16,515	96,414	95,137	15,237	79,900	3,883,583	0
09/30/2012	27	3,865,080	18,504	16,182	34,685	33,433	14,930	18,504	3,865,080	0
10/31/2012	28	3,846,946	18,133	16,104	34,238	32,992	14,859	18,133	3,846,946	0
11/30/2012	29	3,765,526	81,420	16,029	97,449	96,209	14,789	81,420	3,765,526	0
12/31/2012	30	3,747,237	18,290	15,690	33,979	32,765	14,476	18,290	3,747,237	0
01/31/2013	31	3,728,870	18,367	15,613	33,981	32,773	14,406	18,367	3,728,870	0
02/28/2013	32	3,645,493	83,377	15,537	98,914	97,712	14,335	83,377	3,645,493	0
03/31/2013	33	3,626,964	18,529	15,190	33,719	6,512	14,014	18,529	3,626,964	-26,032
04/30/2013	34	3,607,925	19,039	15,112	34,151	32,982	13,943	19,039	3,607,925	0
05/31/2013	35	3,534,066	73,859	15,033	88,892	87,729	13,870	73,859	3,534,066	0
06/30/2013	36	3,514,872	19,194	14,725	33,919	32,780	13,586	19,194	3,514,872	0
07/31/2013	37	3,496,023	18,849	14,645	33,495	32,362	13,512	18,849	3,496,023	0
08/31/2013	38	3,421,810	74,213	14,567	88,780	87,653	13,440	74,213	3,421,810	0
09/30/2013	39	3,402,382	19,428	14,258	33,685	32,582	13,155	19,428	3,402,382	0
10/31/2013	40	3,383,289	19,092	14,177	33,269	32,172	13,080	19,092	3,383,289	0
11/30/2013	41	3,307,672	75,618	14,097	89,715	88,624	13,006	75,618	3,307,672	0
12/31/2013	42	3,288,415	19,257	13,782	33,039	31,972	12,716	19,257	3,288,415	0
01/31/2014	43	3,269,077	19,338	13,702	33,040	31,980	12,642	19,338	3,269,077	0
02/28/2014	44	3,191,669	77,408	13,621	91,029	89,975	12,567	77,408	3,191,669	0
03/31/2014	45	3,172,161	19,508	13,299	32,807	8,810	12,270	19,508	3,172,161	-22,968
04/30/2014	46	3,152,171	19,990	13,217	33,208	32,185	12,195	19,990	3,152,171	0
05/31/2014	47	3,108,148	44,023	13,134	57,157	56,141	12,118	44,023	3,108,148	0
06/30/2014	48	3,087,994	20,153	12,951	33,104	32,102	11,949	20,153	3,087,994	0
07/31/2014	49	3,068,149	19,845	12,867	32,712	31,716	11,871	19,845	3,068,149	0
08/31/2014	50	3,025,726	42,423	12,784	55,207	54,218	11,795	42,423	3,025,726	0
09/30/2014	51	3,005,327	20,400	12,607	33,007	32,031	11,632	20,400	3,005,327	0
10/31/2014	52	2,985,226	20,101	12,522	32,623	31,654	11,553	20,101	2,985,226	0
11/30/2014	53	2,941,854	43,372	12,438	55,811	54,848	11,476	43,372	2,941,854	0
12/31/2014	54	2,921,581	20,273	12,258	32,531	31,583	11,309	20,273	2,921,581	0
01/31/2015	55	2,901,221	20,359	12,173	32,533	31,591	11,232	20,359	2,901,221	0
02/28/2015	56	2,856,544	44,677	12,088	56,765	55,830	11,153	44,677	2,856,544	0
03/31/2015	57	2,836,007	20,537	11,902	32,440	11,323	10,981	20,537	2,836,007	-20,196
04/30/2015	58	2,815,016	20,991	11,817	32,807	31,893	10,903	20,991	2,815,016	0
05/31/2015	59	2,770,947	44,070	11,729	55,799	54,892	10,822	44,070	2,770,947	0
06/30/2015	60	2,749,785	21,162	11,546	32,708	31,814	10,652	21,162	2,749,785	0
07/31/2015	61	2,728,893	20,892	11,457	32,349	31,463	10,571	20,892	2,728,893	0
08/31/2015	62	2,684,263	44,631	11,370	56,001	55,121	10,491	44,631	2,684,263	0
09/30/2015	63	2,662,842	21,421	11,184	32,605	31,740	10,319	21,421	2,662,842	0
10/31/2015	64	2,641,681	21,160	11,095	32,256	31,397	10,237	21,160	2,641,681	0
11/30/2015	65	2,596,121	45,560	11,007	56,567	55,716	10,155	45,560	2,596,121	0

12/31/2015	66	2,574,779	21,342	10,817	32,159	31,322	9,980	21,342	2,574,779	0
01/31/2016	67	2,553,346	21,433	10,728	32,161	31,331	9,898	21,433	2,553,346	0
02/29/2016	68	2,506,886	46,461	10,639	57,100	56,277	9,816	46,461	2,506,886	0
03/31/2016	69	2,485,268	21,618	10,445	32,063	13,296	9,637	21,618	2,485,268	-17,959
04/30/2016	70	2,463,227	22,041	10,355	32,396	31,595	9,554	22,041	2,463,227	0
05/31/2016	71	2,416,868	46,359	10,263	56,623	55,829	9,469	46,359	2,416,868	0
06/30/2016	72	2,394,647	22,221	10,070	32,291	31,512	9,291	22,221	2,394,647	0
07/31/2016	73	2,372,657	21,990	9,978	31,968	31,196	9,206	21,990	2,372,657	0
08/31/2016	74	2,325,708	46,949	9,886	56,835	56,071	9,121	46,949	2,325,708	0
09/30/2016	75	2,303,215	22,493	9,690	32,184	31,434	8,941	22,493	2,303,215	0
10/31/2016	76	2,280,942	22,273	9,597	31,870	31,127	8,854	22,273	2,280,942	0
11/30/2016	77	2,237,995	42,947	9,504	52,451	51,715	8,769	42,947	2,237,995	0
12/31/2016	78	2,215,531	22,464	9,325	31,789	31,067	8,604	22,464	2,215,531	0
01/31/2017	79	2,192,972	22,559	9,231	31,791	31,076	8,517	22,559	2,192,972	0
02/28/2017	80	2,169,416	23,556	9,137	32,694	31,987	8,431	23,556	2,169,416	0
03/31/2017	81	2,146,661	22,755	9,039	31,794	15,435	8,340	22,755	2,146,661	-15,660
04/30/2017	82	2,123,515	23,146	8,944	32,090	31,398	8,252	23,146	2,123,515	0
05/31/2017	83	2,100,565	22,950	8,848	31,798	31,113	8,163	22,950	2,100,565	0
06/30/2017	84	2,077,230	23,335	8,752	32,087	31,410	8,075	23,335	2,077,230	0
07/31/2017	85	2,054,084	23,146	8,655	31,802	31,132	7,986	23,146	2,054,084	0
08/31/2017	86	2,030,839	23,245	8,559	31,803	31,141	7,897	23,245	2,030,839	0
09/30/2017	87	2,007,217	23,622	8,462	32,083	31,429	7,807	23,622	2,007,217	0
10/31/2017	88	1,983,774	23,444	8,363	31,807	31,160	7,716	23,444	1,983,774	0
11/30/2017	89	1,959,958	23,815	8,266	32,081	31,441	7,626	23,815	1,959,958	0
12/31/2017	90	1,936,314	23,644	8,166	31,811	31,179	7,535	23,644	1,936,314	0
01/31/2018	91	1,912,569	23,745	8,068	31,813	31,189	7,444	23,745	1,912,569	0
02/28/2018	92	1,887,938	24,632	7,969	32,601	31,984	7,353	24,632	1,887,938	0
03/31/2018	93	1,863,987	23,950	7,866	31,817	17,637	7,258	23,950	1,863,987	-13,571
04/30/2018	94	1,839,680	24,307	7,767	32,074	31,473	7,166	24,307	1,839,680	0
05/31/2018	95	1,815,525	24,155	7,665	31,821	31,228	7,072	24,155	1,815,525	0
06/30/2018	96	1,791,018	24,506	7,565	32,071	31,486	6,979	24,506	1,791,018	0
07/31/2018	97	1,766,656	24,362	7,463	31,824	31,247	6,885	24,362	1,766,656	0
08/31/2018	98	1,742,191	24,465	7,361	31,826	31,257	6,792	24,465	1,742,191	0
09/30/2018	99	1,717,383	24,808	7,259	32,067	31,505	6,698	24,808	1,717,383	0
10/31/2018	100	1,692,709	24,675	7,156	31,830	31,277	6,602	24,675	1,692,709	0
11/30/2018	101	1,667,697	25,011	7,053	32,064	31,519	6,507	25,011	1,667,697	0
12/31/2018	102	1,642,812	24,886	6,949	31,834	31,297	6,411	24,886	1,642,812	0
01/31/2019	103	1,617,821	24,991	6,845	31,836	31,307	6,316	24,991	1,617,821	0
02/28/2019	104	1,592,058	25,762	6,741	32,503	31,982	6,219	25,762	1,592,058	0
03/31/2019	105	1,566,852	25,207	6,634	31,840	19,613	6,120	25,207	1,566,852	-11,714
04/30/2019	106	1,541,323	25,528	6,529	32,057	31,552	6,023	25,528	1,541,323	0
05/31/2019	107	1,515,901	25,422	6,422	31,844	31,348	5,925	25,422	1,515,901	0
06/30/2019	108	1,490,163	25,738	6,316	32,054	31,565	5,828	25,738	1,490,163	0
07/31/2019	109	1,464,524	25,639	6,209	31,848	31,368	5,729	25,639	1,464,524	0
08/31/2019	110	1,438,775	25,748	6,102	31,851	31,378	5,630	25,748	1,438,775	0
09/30/2019	111	1,412,720	26,055	5,995	32,050	31,586	5,531	26,055	1,412,720	0
10/31/2019	112	1,386,752	25,968	5,886	31,855	31,399	5,431	25,968	1,386,752	0
11/30/2019	113	1,360,484	26,269	5,778	32,047	31,600	5,331	26,269	1,360,484	0
12/31/2019	114	1,334,293	26,190	5,669	31,859	31,420	5,230	26,190	1,334,293	0
01/31/2020	115	1,310,100	24,193	5,560	29,753	29,322	5,129	24,193	1,310,100	0
02/29/2020	116	1,290,331	19,769	5,459	25,228	24,806	5,036	19,769	1,290,331	0
03/31/2020	117	1,270,837	19,494	5,376	24,870	14,693	4,960	19,494	1,270,837	-9,762
04/30/2020	118	1,251,086	19,751	5,295	25,046	24,636	4,886	19,751	1,251,086	0
05/31/2020	119	1,231,425	19,661	5,213	24,874	24,470	4,810	19,661	1,231,425	0
06/30/2020	120	1,211,513	19,913	5,131	25,044	24,647	4,734	19,913	1,211,513	0
07/31/2020	121	1,191,684	19,829	5,048	24,877	24,486	4,657	19,829	1,191,684	0
08/31/2020	122	1,171,771	19,913	4,965	24,878	24,494	4,581	19,913	1,171,771	0
09/30/2020	123	1,151,613	20,158	4,882	25,040	24,663	4,505	20,158	1,151,613	0
10/31/2020	124	1,131,529	20,083	4,798	24,882	24,510	4,427	20,083	1,131,529	0
11/30/2020	125	1,111,206	20,323	4,715	25,038	24,673	4,350	20,323	1,111,206	0
12/31/2020	126	1,090,951	20,255	4,630	24,885	24,527	4,272	20,255	1,090,951	0
01/31/2021	127	1,070,610	20,341	4,546	24,886	24,535	4,194	20,341	1,070,610	0
02/28/2021	128	1,049,743	20,867	4,461	25,328	24,983	4,116	20,867	1,049,743	0
03/31/2021	129	1,029,227	20,516	4,374	24,890	16,614	4,036	20,516	1,029,227	-7,938
04/30/2021	130	1,008,484	20,744	4,288	25,032	24,701	3,957	20,744	1,008,484	0
05/31/2021	131	987,792	20,691	4,202	24,893	24,568	3,877	20,691	987,792	0
06/30/2021	132	966,878	20,914	4,116	25,030	24,712	3,797	20,914	966,878	0
07/31/2021	133	946,011	20,868	4,029	24,896	24,585	3,717	20,868	946,011	0
08/31/2021	134	925,054	20,956	3,942	24,898	24,593	3,637	20,956	925,054	0
09/30/2021	135	903,882	21,172	3,854	25,026	24,728	3,556	21,172	903,882	0
10/31/2021	136	882,747	21,135	3,766	24,901	24,610	3,475	21,135	882,747	0
11/30/2021	137	861,401	21,346	3,678	25,024	24,739	3,394	21,346	861,401	0
12/31/2021	138	840,086	21,316	3,589	24,905	24,627	3,312	21,316	840,086	0
01/31/2022	139	818,680	21,406	3,500	24,906	24,636	3,230	21,406	818,680	0
02/28/2022	140	796,846	21,833	3,411	25,245	24,981	3,147	21,833	796,846	0
03/31/2022	141	775,256	21,590	3,320	24,910	18,307	3,063	21,590	775,256	-6,346
04/30/2022	142	753,469	21,788	3,230	25,018	24,768	2,980	21,788	753,469	0
05/31/2022	143	731,695	21,774	3,139	24,913	24,671	2,897	21,774	731,695	0
06/30/2022	144	709,728	21,967	3,049	25,015	24,780	2,813	21,967	709,728	0
07/31/2022	145	687,769	21,960	2,957	24,917	24,688	2,728	21,960	687,769	0
08/31/2022	146	665,716	22,053	2,866	24,919	24,697	2,644	22,053	665,716	0
09/30/2022	147	643,478	22,238	2,774	25,012	24,797	2,559	22,238	643,478	0
10/31/2022	148	621,237	22,241	2,681	24,922	24,715	2,474	22,241	621,237	0
11/30/2022	149	598,816	22,421	2,588	25,009	24,809	2,388	22,421	598,816	0
12/31/2022	150	576,385	22,431	2,495	24,926	24,733	2,302	22,431	576,385	0
01/31/2023	151	553,860	22,526	2,402	24,928	24,742	2,216	22,526	553,860	0
02/28/2023	152	531,010	22,849	2,308	25,157	24,978	2,129	22,849	531,010	0
03/31/2023	153	511,517	19,493	2,213	21,706	16,857	2,041	19,493	511,517	-4,678
04/30/2023	154	499,272	12,244	2,131	14,376	14,211	1,966	12,244	499,272	0
05/31/2023	155	487,046	12,226	2,080	14,307	14,146	1,919	12,226	487,046	0
06/30/2023	156	474,701	12,345	2,029	14,374	14,217	1,872	12,345	474,701	0
07/31/2023	157	462,370	12,331	1,978	14,309	14,156	1,825	12,331	462,370	0

08/31/2023	158	449,987	12,383	1,927	14,310	14,161	1,778	12,383	449,987	0
09/30/2023	159	437,490	12,497	1,875	14,372	14,227	1,730	12,497	437,490	0
10/31/2023	160	425,001	12,489	1,823	14,312	14,171	1,682	12,489	425,001	0
11/30/2023	161	412,401	12,600	1,771	14,371	14,234	1,634	12,600	412,401	0
12/31/2023	162	399,806	12,595	1,718	14,314	14,181	1,585	12,595	399,806	0
01/31/2024	163	387,157	12,649	1,666	14,315	14,186	1,537	12,649	387,157	0
02/29/2024	164	374,349	12,809	1,613	14,422	14,297	1,488	12,809	374,349	0
03/31/2024	165	361,592	12,757	1,560	14,317	11,045	1,439	12,757	361,592	-3,151
04/30/2024	166	348,731	12,861	1,507	14,367	14,251	1,390	12,861	348,731	0
05/31/2024	167	335,866	12,866	1,453	14,319	14,206	1,341	12,866	335,866	0
06/30/2024	168	322,900	12,966	1,399	14,366	14,257	1,291	12,966	322,900	0
07/31/2024	169	309,924	12,975	1,345	14,321	14,217	1,241	12,975	309,924	0
08/31/2024	170	296,894	13,030	1,291	14,322	14,222	1,191	13,030	296,894	0
09/30/2024	171	283,767	13,126	1,237	14,363	14,268	1,141	13,126	283,767	0
10/31/2024	172	270,626	13,142	1,182	14,324	14,232	1,091	13,142	270,626	0
11/30/2024	173	257,391	13,234	1,128	14,362	14,275	1,040	13,234	257,391	0
12/31/2024	174	244,138	13,254	1,072	14,326	14,243	989	13,254	244,138	0
01/31/2025	175	230,828	13,310	1,017	14,327	14,248	939	13,310	230,828	0
02/28/2025	176	217,367	13,461	962	14,423	14,349	887	13,461	217,367	0
03/31/2025	177	203,943	13,423	906	14,329	12,121	836	13,423	203,943	-2,138
04/30/2025	178	190,435	13,508	850	14,358	14,292	784	13,508	190,435	0
05/31/2025	179	176,897	13,538	793	14,331	14,270	732	13,538	176,897	0
06/30/2025	180	163,278	13,620	737	14,357	14,300	680	13,620	163,278	0
07/31/2025	181	149,624	13,653	680	14,334	14,281	628	13,653	149,624	0
08/31/2025	182	135,913	13,711	623	14,335	14,286	575	13,711	135,913	0
09/30/2025	183	122,125	13,788	566	14,354	14,311	522	13,788	122,125	0
10/31/2025	184	108,297	13,828	509	14,337	14,297	469	13,828	108,297	0
11/30/2025	185	94,396	13,902	451	14,353	14,318	416	13,902	94,396	0
12/31/2025	186	80,450	13,946	393	14,339	14,309	363	13,946	80,450	0
01/31/2026	187	66,445	14,005	335	14,340	14,314	309	14,005	66,445	0
02/28/2026	188	52,353	14,092	277	14,369	14,347	255	14,092	52,353	0
03/31/2026	189	38,229	14,124	218	14,342	-5,433	201	14,124	38,229	-19,758
04/30/2026	190	24,040	14,189	159	14,349	14,336	147	14,189	24,040	0
05/31/2026	191	9,795	14,244	100	14,345	14,337	92	14,244	9,795	0
06/30/2026	192	161	9,634	41	9,675	9,672	38	9,634	161	0
07/31/2026	193	0	161	1	162	162	1	161	0	0
08/31/2026	194	0	0	0	0	0	0	0	0	0
09/30/2026	195	0	0	0	0	0	0	0	0	0
10/31/2026	196	0	0	0	0	0	0	0	0	0
11/30/2026	197	0	0	0	0	0	0	0	0	0
12/31/2026	198	0	0	0	0	0	0	0	0	0
01/31/2027	199	0	0	0	0	0	0	0	0	0
02/28/2027	200	0	0	0	0	0	0	0	0	0
03/31/2027	201	0	0	0	0	-19,318	0	0	0	-19,318
04/30/2027	202	0	0	0	0	0	0	0	0	0
05/31/2027	203	0	0	0	0	0	0	0	0	0
06/30/2027	204	0	0	0	0	0	0	0	0	0
07/31/2027	205	0	0	0	0	0	0	0	0	0
08/31/2027	206	0	0	0	0	0	0	0	0	0
09/30/2027	207	0	0	0	0	0	0	0	0	0
10/31/2027	208	0	0	0	0	0	0	0	0	0
11/30/2027	209	0	0	0	0	0	0	0	0	0
12/31/2027	210	0	0	0	0	0	0	0	0	0
01/31/2028	211	0	0	0	0	0	0	0	0	0
02/29/2028	212	0	0	0	0	0	0	0	0	0
03/31/2028	213	0	0	0	0	-16,703	0	0	0	-16,703
04/30/2028	214	0	0	0	0	0	0	0	0	0
05/31/2028	215	0	0	0	0	0	0	0	0	0
06/30/2028	216	0	0	0	0	0	0	0	0	0
07/31/2028	217	0	0	0	0	0	0	0	0	0
08/31/2028	218	0	0	0	0	0	0	0	0	0
09/30/2028	219	0	0	0	0	0	0	0	0	0
10/31/2028	220	0	0	0	0	0	0	0	0	0
11/30/2028	221	0	0	0	0	0	0	0	0	0
12/31/2028	222	0	0	0	0	0	0	0	0	0
01/31/2029	223	0	0	0	0	0	0	0	0	0
02/28/2029	224	0	0	0	0	0	0	0	0	0
03/31/2029	225	0	0	0	0	-14,417	0	0	0	-14,417
04/30/2029	226	0	0	0	0	0	0	0	0	0
05/31/2029	227	0	0	0	0	0	0	0	0	0
06/30/2029	228	0	0	0	0	0	0	0	0	0
07/31/2029	229	0	0	0	0	0	0	0	0	0
08/31/2029	230	0	0	0	0	0	0	0	0	0
09/30/2029	231	0	0	0	0	0	0	0	0	0
10/31/2029	232	0	0	0	0	0	0	0	0	0
11/30/2029	233	0	0	0	0	0	0	0	0	0
12/31/2029	234	0	0	0	0	0	0	0	0	0
01/31/2030	235	0	0	0	0	0	0	0	0	0
02/28/2030	236	0	0	0	0	0	0	0	0	0
03/31/2030	237	0	0	0	0	-12,015	0	0	0	-12,015
04/30/2030	238	0	0	0	0	0	0	0	0	0
05/31/2030	239	0	0	0	0	0	0	0	0	0
06/30/2030	240	0	0	0	0	0	0	0	0	0
07/31/2030	241	0	0	0	0	0	0	0	0	0
08/31/2030	242	0	0	0	0	0	0	0	0	0
09/30/2030	243	0	0	0	0	0	0	0	0	0
10/31/2030	244	0	0	0	0	0	0	0	0	0
11/30/2030	245	0	0	0	0	0	0	0	0	0
12/31/2030	246	0	0	0	0	0	0	0	0	0
01/31/2031	247	0	0	0	0	0	0	0	0	0
02/28/2031	248	0	0	0	0	0	0	0	0	0
03/31/2031	249	0	0	0	0	-9,769	0	0	0	-9,769

04/30/2031	250	0	0	0	0	0	0	0	0	0
05/31/2031	251	0	0	0	0	0	0	0	0	0
06/30/2031	252	0	0	0	0	0	0	0	0	0
07/31/2031	253	0	0	0	0	0	0	0	0	0
08/31/2031	254	0	0	0	0	0	0	0	0	0
09/30/2031	255	0	0	0	0	0	0	0	0	0
10/31/2031	256	0	0	0	0	0	0	0	0	0
11/30/2031	257	0	0	0	0	0	0	0	0	0
12/31/2031	258	0	0	0	0	0	0	0	0	0
01/31/2032	259	0	0	0	0	0	0	0	0	0
02/29/2032	260	0	0	0	0	0	0	0	0	0
03/31/2032	261	0	0	0	0	-7,811	0	0	0	-7,811
04/30/2032	262	0	0	0	0	0	0	0	0	0
05/31/2032	263	0	0	0	0	0	0	0	0	0
06/30/2032	264	0	0	0	0	0	0	0	0	0
07/31/2032	265	0	0	0	0	0	0	0	0	0
08/31/2032	266	0	0	0	0	0	0	0	0	0
09/30/2032	267	0	0	0	0	0	0	0	0	0
10/31/2032	268	0	0	0	0	0	0	0	0	0
11/30/2032	269	0	0	0	0	0	0	0	0	0
12/31/2032	270	0	0	0	0	0	0	0	0	0
01/31/2033	271	0	0	0	0	0	0	0	0	0
02/28/2033	272	0	0	0	0	0	0	0	0	0
03/31/2033	273	0	0	0	0	-5,757	0	0	0	-5,757
04/30/2033	274	0	0	0	0	0	0	0	0	0
05/31/2033	275	0	0	0	0	0	0	0	0	0
06/30/2033	276	0	0	0	0	0	0	0	0	0
07/31/2033	277	0	0	0	0	0	0	0	0	0
08/31/2033	278	0	0	0	0	0	0	0	0	0
09/30/2033	279	0	0	0	0	0	0	0	0	0
10/31/2033	280	0	0	0	0	0	0	0	0	0
11/30/2033	281	0	0	0	0	0	0	0	0	0
12/31/2033	282	0	0	0	0	0	0	0	0	0
01/31/2034	283	0	0	0	0	0	0	0	0	0
02/28/2034	284	0	0	0	0	0	0	0	0	0
03/31/2034	285	0	0	0	0	-3,878	0	0	0	-3,878
04/30/2034	286	0	0	0	0	0	0	0	0	0
05/31/2034	287	0	0	0	0	0	0	0	0	0
06/30/2034	288	0	0	0	0	0	0	0	0	0
07/31/2034	289	0	0	0	0	0	0	0	0	0
08/31/2034	290	0	0	0	0	0	0	0	0	0
09/30/2034	291	0	0	0	0	0	0	0	0	0
10/31/2034	292	0	0	0	0	0	0	0	0	0
11/30/2034	293	0	0	0	0	0	0	0	0	0
12/31/2034	294	0	0	0	0	0	0	0	0	0
01/31/2035	295	0	0	0	0	0	0	0	0	0
02/28/2035	296	0	0	0	0	0	0	0	0	0
03/31/2035	297	0	0	0	0	-2,631	0	0	0	-2,631
04/30/2035	298	0	0	0	0	0	0	0	0	0
05/31/2035	299	0	0	0	0	0	0	0	0	0
06/30/2035	300	0	0	0	0	0	0	0	0	0
07/31/2035	301	0	0	0	0	0	0	0	0	0
08/31/2035	302	0	0	0	0	0	0	0	0	0
09/30/2035	303	0	0	0	0	0	0	0	0	0
10/31/2035	304	0	0	0	0	0	0	0	0	0
11/30/2035	305	0	0	0	0	0	0	0	0	0
12/31/2035	306	0	0	0	0	0	0	0	0	0
01/31/2036	307	0	0	0	0	0	0	0	0	0
02/29/2036	308	0	0	0	0	0	0	0	0	0
03/31/2036	309	0	0	0	0	-1,355	0	0	0	-1,355
04/30/2036	310	0	0	0	0	0	0	0	0	0
05/31/2036	311	0	0	0	0	0	0	0	0	0
06/30/2036	312	0	0	0	0	0	0	0	0	0
07/31/2036	313	0	0	0	0	0	0	0	0	0
08/31/2036	314	0	0	0	0	0	0	0	0	0
09/30/2036	315	0	0	0	0	0	0	0	0	0
10/31/2036	316	0	0	0	0	0	0	0	0	0
11/30/2036	317	0	0	0	0	0	0	0	0	0
12/31/2036	318	0	0	0	0	0	0	0	0	0
01/31/2037	319	0	0	0	0	0	0	0	0	0
02/28/2037	320	0	0	0	0	0	0	0	0	0
03/31/2037	321	0	0	0	0	-179	0	0	0	-179
04/30/2037	322	0	0	0	0	0	0	0	0	0
05/31/2037	323	0	0	0	0	0	0	0	0	0
06/30/2037	324	0	0	0	0	0	0	0	0	0
07/31/2037	325	0	0	0	0	0	0	0	0	0
08/31/2037	326	0	0	0	0	0	0	0	0	0
09/30/2037	327	0	0	0	0	0	0	0	0	0
10/31/2037	328	0	0	0	0	0	0	0	0	0
11/30/2037	329	0	0	0	0	0	0	0	0	0
12/31/2037	330	0	0	0	0	0	0	0	0	0
01/31/2038	331	0	0	0	0	0	0	0	0	0
02/28/2038	332	0	0	0	0	0	0	0	0	0
03/31/2038	333	0	0	0	0	0	0	0	0	0
04/30/2038	334	0	0	0	0	0	0	0	0	0
05/31/2038	335	0	0	0	0	0	0	0	0	0
06/30/2038	336	0	0	0	0	0	0	0	0	0
07/31/2038	337	0	0	0	0	0	0	0	0	0
08/31/2038	338	0	0	0	0	0	0	0	0	0
09/30/2038	339	0	0	0	0	0	0	0	0	0
10/31/2038	340	0	0	0	0	0	0	0	0	0
11/30/2038	341	0	0	0	0	0	0	0	0	0



12/31/2038	342	0	0	0	0	0	0	0	0	0	0
01/31/2039	343	0	0	0	0	0	0	0	0	0	0
02/28/2039	344	0	0	0	0	0	0	0	0	0	0
03/31/2039	345	0	0	0	0	0	0	0	0	0	0
04/30/2039	346	0	0	0	0	0	0	0	0	0	0
05/31/2039	347	0	0	0	0	0	0	0	0	0	0
06/30/2039	348	0	0	0	0	0	0	0	0	0	0
07/31/2039	349	0	0	0	0	0	0	0	0	0	0
08/31/2039	350	0	0	0	0	0	0	0	0	0	0
09/30/2039	351	0	0	0	0	0	0	0	0	0	0
10/31/2039	352	0	0	0	0	0	0	0	0	0	0
11/30/2039	353	0	0	0	0	0	0	0	0	0	0
12/31/2039	354	0	0	0	0	0	0	0	0	0	0
01/31/2040	355	0	0	0	0	0	0	0	0	0	0
02/29/2040	356	0	0	0	0	0	0	0	0	0	0
03/31/2040	357	0	0	0	0	0	0	0	0	0	0
04/30/2040	358	0	0	0	0	0	0	0	0	0	0
05/31/2040	359	0	0	0	0	0	0	0	0	0	0
06/30/2040	360	0	0	0	0	0	0	0	0	0	0
07/31/2040	361	0	0	0	0	0	0	0	0	0	0
08/31/2040	362	0	0	0	0	0	0	0	0	0	0
09/30/2040	363	0	0	0	0	0	0	0	0	0	0
10/31/2040	364	0	0	0	0	0	0	0	0	0	0
11/30/2040	365	0	0	0	0	0	0	0	0	0	0
12/31/2040	366	0	0	0	0	0	0	0	0	0	0
01/31/2041	367	0	0	0	0	0	0	0	0	0	0
02/28/2041	368	0	0	0	0	0	0	0	0	0	0
03/31/2041	369	0	0	0	0	0	0	0	0	0	0
04/30/2041	370	0	0	0	0	0	0	0	0	0	0
05/31/2041	371	0	0	0	0	0	0	0	0	0	0
06/30/2041	372	0	0	0	0	0	0	0	0	0	0
07/31/2041	373	0	0	0	0	0	0	0	0	0	0
08/31/2041	374	0	0	0	0	0	0	0	0	0	0
09/30/2041	375	0	0	0	0	0	0	0	0	0	0
10/31/2041	376	0	0	0	0	0	0	0	0	0	0
11/30/2041	377	0	0	0	0	0	0	0	0	0	0
12/31/2041	378	0	0	0	0	0	0	0	0	0	0
01/31/2042	379	0	0	0	0	0	0	0	0	0	0
02/28/2042	380	0	0	0	0	0	0	0	0	0	0
03/31/2042	381	0	0	0	0	0	0	0	0	0	0
04/30/2042	382	0	0	0	0	0	0	0	0	0	0
05/31/2042	383	0	0	0	0	0	0	0	0	0	0
06/30/2042	384	0	0	0	0	0	0	0	0	0	0
07/31/2042	385	0	0	0	0	0	0	0	0	0	0
08/31/2042	386	0	0	0	0	0	0	0	0	0	0
09/30/2042	387	0	0	0	0	0	0	0	0	0	0
10/31/2042	388	0	0	0	0	0	0	0	0	0	0
11/30/2042	389	0	0	0	0	0	0	0	0	0	0
12/31/2042	390	0	0	0	0	0	0	0	0	0	0
01/31/2043	391	0	0	0	0	0	0	0	0	0	0
02/28/2043	392	0	0	0	0	0	0	0	0	0	0
03/31/2043	393	0	0	0	0	0	0	0	0	0	0
04/30/2043	394	0	0	0	0	0	0	0	0	0	0
05/31/2043	395	0	0	0	0	0	0	0	0	0	0
06/30/2043	396	0	0	0	0	0	0	0	0	0	0
07/31/2043	397	0	0	0	0	0	0	0	0	0	0
08/31/2043	398	0	0	0	0	0	0	0	0	0	0
09/30/2043	399	0	0	0	0	0	0	0	0	0	0
10/31/2043	400	0	0	0	0	0	0	0	0	0	0
11/30/2043	401	0	0	0	0	0	0	0	0	0	0
12/31/2043	402	0	0	0	0	0	0	0	0	0	0
01/31/2044	403	0	0	0	0	0	0	0	0	0	0
02/29/2044	404	0	0	0	0	0	0	0	0	0	0
03/31/2044	405	0	0	0	0	0	0	0	0	0	0
04/30/2044	406	0	0	0	0	0	0	0	0	0	0
05/31/2044	407	0	0	0	0	0	0	0	0	0	0
06/30/2044	408	0	0	0	0	0	0	0	0	0	0
07/31/2044	409	0	0	0	0	0	0	0	0	0	0
08/31/2044	410	0	0	0	0	0	0	0	0	0	0
09/30/2044	411	0	0	0	0	0	0	0	0	0	0
10/31/2044	412	0	0	0	0	0	0	0	0	0	0
11/30/2044	413	0	0	0	0	0	0	0	0	0	0
12/31/2044	414	0	0	0	0	0	0	0	0	0	0
01/31/2045	415	0	0	0	0	0	0	0	0	0	0
02/28/2045	416	0	0	0	0	0	0	0	0	0	0
03/31/2045	417	0	0	0	0	0	0	0	0	0	0
04/30/2045	418	0	0	0	0	0	0	0	0	0	0
05/31/2045	419	0	0	0	0	0	0	0	0	0	0
06/30/2045	420	0	0	0	0	0	0	0	0	0	0
07/31/2045	421	0	0	0	0	0	0	0	0	0	0
08/31/2045	422	0	0	0	0	0	0	0	0	0	0
09/30/2045	423	0	0	0	0	0	0	0	0	0	0
10/31/2045	424	0	0	0	0	0	0	0	0	0	0
11/30/2045	425	0	0	0	0	0	0	0	0	0	0
12/31/2045	426	0	0	0	0	0	0	0	0	0	0
01/31/2046	427	0	0	0	0	0	0	0	0	0	0
02/28/2046	428	0	0	0	0	0	0	0	0	0	0
03/31/2046	429	0	0	0	0	0	0	0	0	0	0
04/30/2046	430	0	0	0	0	0	0	0	0	0	0
05/31/2046	431	0	0	0	0	0	0	0	0	0	0
Sum		5,002,198	1,604,411	6,606,609	6,166,870	1,480,661	5,002,198				-315,988

# TAB 3



### Projection of Cash Flows and Effective Interest Rate

The projection of cash flows is based on loan amounts, dates and interest rates shown below along with the present capital plan and expected retirement of bank equities.

The capital plan, patronage rate and equity retirements may be changed at the discretion of the bank's board of directors. The following projections are intended for illustrative purposes only, are not intended to represent a commitment to a specific interest rate, and will not become part of any loan documentation.

The effective interest rate shown is the discount rate applied on a monthly basis at which the net present value of all the cash flows equal to zero (commonly called the internal rate of return).

Attachment B  
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Borrower Name	Inter County
Schedule	Matching RUS Principal Repayment
Account Officer	LaDuca
Prepared by:	Darneille
Quote Date	May 24, 2010
Origination Date	June 30, 2010
Amortization Start Date	July 31, 2010
Loan Amount	\$5,002,198
Years to Maturity	16.100
Nominal Interest Rate	4.55%
Estimated Legal Fees (\$)	5,000
Payments/Year	12
Amort Method	Irregular Payments
Days per Year	360
Payment Amount	\$0

Nominal Interest Rate	4.55%
<b>Net Effective Interest Rate</b>	<b>3.80%</b>
<b>Reduction of Interest Rate</b>	<b>0.75%</b>
Patronage Rate	1.00%
% Cash Patronage	65.00%
Initial Capital Purchase Amount	\$0
Target Equity	8.00%
Prior Year End Capital Balance	0
Avg Loan Balance - 1 year ago	0
Avg Loan Balance - 2 years ago	0
Avg Loan Balance - 3 years ago	0
Avg Loan Balance - 4 years ago	0
Avg Loan Balance - 5 years ago	0
Avg Loan Balance - 6 years ago	0
Avg Loan Balance - 7 years ago	0
Avg Loan Balance - 8 years ago	0

Borrower: Inter County													
Quote Date		May 24, 2010		Schedule:				Matching RUS Principal Repayment					
Origination Date		June 30, 2010		Effective Interest Rate:				3.80%					
Year	Principal Advance	Principal Payments	Interest Payments	Capital Purchases	Cash Patronage	Capital Retired in Cash	Net Cash Flow	Patronage Paid as Capital	Capital Balance	End of Period Loan Balance	1 Year Avg Loan Balance	10 Year Avg Loan Balance	Target Equity
	A	B	C	D	E	F	G	H	I	J	K	L	M
2010	5,002,198	266,381	118,203	0	0	0	4,617,614	8,631	8,631	4,735,817	2,466,120	246,612	19,729
2011	0	506,148	207,678	0	16,030	0	-697,796	15,752	24,383	4,229,669	4,500,581	696,670	55,734
2012	0	482,432	184,781	0	29,254	0	-637,959	14,017	38,400	3,747,237	4,004,858	1,097,156	87,772
2013	0	458,822	163,063	0	26,032	0	-595,853	12,368	50,768	3,288,415	3,533,594	1,450,515	116,041
2014	0	366,834	143,378	0	22,968	0	-487,244	10,875	61,643	2,921,581	3,107,055	1,761,221	140,898
2015	0	346,802	127,497	0	20,196	0	-454,103	9,670	71,313	2,574,779	2,762,946	2,037,515	163,001
2016	0	359,248	111,161	0	17,959	0	-452,449	8,432	79,745	2,215,531	2,409,197	2,278,435	182,275
2017	0	279,217	96,346	0	15,660	0	-359,903	7,308	87,053	1,936,314	2,087,874	2,487,222	198,978
2018	0	293,502	83,167	0	13,571	0	-363,098	6,308	93,360	1,642,812	1,802,169	2,667,439	213,395
2019	0	308,518	69,314	0	11,714	0	-366,118	5,256	98,617	1,334,293	1,501,846	2,817,624	225,410
2020	0	243,342	56,348	0	9,762	0	-289,928	4,274	102,891	1,090,951	1,221,184	2,693,130	215,450
2021	0	250,865	45,066	0	7,938	0	-287,994	3,417	106,308	840,086	976,355	2,340,708	187,257
2022	0	263,700	33,226	0	6,346	0	-290,580	2,519	108,827	576,385	719,660	2,012,188	160,975
2023	0	176,579	22,378	0	4,678	0	-194,280	1,696	110,524	399,806	484,705	1,707,299	136,584
2024	0	155,668	15,181	0	3,151	0	-167,699	1,151	111,675	244,138	328,907	1,429,484	114,359
2025	0	163,688	7,832	0	2,138	0	-169,382	593	112,268	80,450	169,416	1,170,131	93,611
2026	0	80,450	1,044	0	1,101	18,657	-61,735	78	93,689	0	22,379	931,449	74,516
2027	0	0	0	0	145	19,173	19,318	0	74,516	0	0	722,662	57,813
2028	0	0	0	0	0	16,703	16,703	0	57,813	0	0	542,445	43,396
2029	0	0	0	0	0	14,417	14,417	0	43,396	0	0	392,261	31,381
2030	0	0	0	0	0	12,015	12,015	0	31,381	0	0	270,142	21,611
2031	0	0	0	0	0	9,769	9,769	0	21,611	0	0	172,507	13,801
2032	0	0	0	0	0	7,811	7,811	0	13,801	0	0	100,541	8,043
2033	0	0	0	0	0	5,757	5,757	0	8,043	0	0	52,070	4,166
2034	0	0	0	0	0	3,878	3,878	0	4,166	0	0	19,180	1,534
2035	0	0	0	0	0	2,631	2,631	0	1,534	0	0	2,238	179
2036	0	0	0	0	0	1,355	1,355	0	179	0	0	0	0
2037	0	0	0	0	0	179	179	0	0	0	0	0	0
2038	0	0	0	0	0	0	0	0	0	0	0	0	0
2039	0	0	0	0	0	0	0	0	0	0	0	0	0
2040	0	0	0	0	0	0	0	0	0	0	0	0	0
2041	0	0	0	0	0	0	0	0	0	0	0	0	0
2042	0	0	0	0	0	0	0	0	0	0	0	0	0
2043	0	0	0	0	0	0	0	0	0	0	0	0	0
2044	0	0	0	0	0	0	0	0	0	0	0	0	0
2045	0	0	0	0	0	0	0	0	0	0	0	0	0
2046	0	0	0	0	0	0	0	0	0	0	0	0	0
2047	0	0	0	0	0	0	0	0	0	0	0	0	0
2048	0	0	0	0	0	0	0	0	0	0	0	0	0
2049	0	0	0	0	0	0	0	0	0	0	0	0	0
2050	0	0	0	0	0	0	0	0	0	0	0	0	0
2051	0	0	0	0	0	0	0	0	0	0	0	0	0
2052	0	0	0	0	0	0	0	0	0	0	0	0	0
2053	0	0	0	0	0	0	0	0	0	0	0	0	0
2054	0	0	0	0	0	0	0	0	0	0	0	0	0
2055	0	0	0	0	0	0	0	0	0	0	0	0	0
2056	0	0	0	0	0	0	0	0	0	0	0	0	0
2057	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	\$5,002,198	\$5,002,198	\$1,485,661	\$0	\$208,642	\$112,346		\$112,346					



*Rural America's Cooperative Bank*

### **Projection of Cash Flows and Effective Interest Rates**

The following provides a column-by-column description of CoBank's Loan Rate Model. The Loan Rate Model provides projections of cash flows and effective interest rates based upon the assumptions given for each printout.

- Column C reflects the principal advances on the loan.
- Column E reflects the periodic principal payments.
- Column F reflects the periodic interest payments.
- Column H shows the capital purchases required based upon the assumptions. A new borrower must purchase \$1,000 capital.
- Column I reflects the cash patronage. Total patronage is calculated as a percentage of the one year average loan balance. CoBank is required by statute to pay a minimum of 20 percent patronage capital allocated to a borrower during each year in cash.
- Column J shows capital retirements in cash.
- Column K reflects the net cash flow for the borrower throughout the term of the loan.
- Column L reflects the allocated patronage used to purchase additional capital in CoBank. This represents the balance of the capital allocated each year which was not paid in cash.
- Column M shows the balance of purchased and allocated capital on a cumulative basis each year.
- Column N reflects the loan balance at the end of the year.
- Column O represents the one year average loan balance which is the basis for annual patronage.
- Column P represents average ten year loan balance which is the basis for determining the capital target for the borrower.
- Column Q shows the target equity for the borrower based upon the ten year average loan balance.

# TAB 4

## Refinancing Process

A refinancing of secured debt is permitted under the RUS Mortgage. Included below is an excerpt from the RUS Mortgage providing for such refinancing. CoBank can provide electronic copies of all CoBank documents.

The specific steps for refinancing RUS notes are:

1. Provide CoBank with your RUS form 613 (Quarterly RUS Statement of Loan Account) in order to analyze notes beneficial to refinance.
2. CoBank completes due diligence and provides loan commitment.
3. Provide notice to RUS of prepayment, designating notes to be prepaid and request for payoff memorandum. This notice must be at least four business days before the desired pay off date.
  - RUS Payoff Information: Direct Loan and Grant Branch (DLGB)
    - Telephone: 314-457-4049 or 314-457-4083
    - Fax: 314-457-4283 or 314-457-4284
    - Email: [dlgb@stl.rural.usda.gov](mailto:dlgb@stl.rural.usda.gov)
  - Cash Transmittal Questions: Cash Management Branch (CMB)
    - Telephone: 314-457-4021
4. Obtain and forward to CoBank, RUS prepared spreadsheet setting forth principal and interest to be paid off.
5. Apply and obtain any required regulatory approval as defined by applicable state.
6. Provide borrowing resolution and return all executed loan documents to CoBank.
7. Borrower notifies CoBank as to whether prior period amounts due will be delivered to CoBank or if it will be drawn from borrower's CoBank line of credit for final settlement of RUS notes.
8. Principal balance and interest wired by CoBank to RUS paying off notes.
9. Supplemental mortgages filing complete and opinion of counsel delivered to CoBank.

Excerpt from Article II of the RUS Mortgage

SECTION 2.02. Refunding or Refinancing Notes: The Mortgagor shall also have the right without the consent of any Mortgagee or any Noteholder to issue Additional Notes for the purpose of refunding or refinancing any Notes so long as the total amount of outstanding indebtedness evidenced by such Additional Note or Notes is not greater than 105% of the then outstanding principal balance of the Note or Notes being refunded or refinanced. PROVIDED, HOWEVER, that the Mortgagor may not exercise its rights under this Section if an Event of Default has occurred and is continuing, or any event which with the giving of notice or lapse of time or both would become an Event of Default has occurred and is continuing. On or before the first advance of proceeds from Notes issued under this section, the Mortgagor shall notify each Mortgagee of the refunding or refinancing. Additional Notes issued pursuant to this Section [2.02] will thereupon be secured equally and ratably with the Notes.