

**Archived:** Thursday, May 31, 2012 4:00:15 PM  
**From:** [Mark Hite](#)  
**Sent:** Friday, June 24, 2011 5:15:35 PM  
**To:** [Bill Blackburn](#); [Mark Bailey](#)  
**Subject:** FW: Big Rivers Indicative Proposal  
**Response requested:** No  
**Importance:** Normal  
**Attachments:** [Indicative Proposal - Big Rivers 6-24-2011.pdf](#) ;

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Fyi... spoke to Jeff at some length this afternoon. He's going to sharpen his pencil, up the offering size to approx. \$115 million, and show us some options. As for timing, told Jeff that at current low rates, assuming an effective rate below the RUS Series A Note of 5.75%, Big Rivers would likely wish to pull the trigger sooner rather than later, but likely not before 9/1/11. We also discussed the PSC and Indenture Trustee approval process and timeline.

Have a good weekend,

[Mark](#)

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**From:** Childs, Jeffrey [<mailto:jchilds@cobank.com>]  
**Sent:** Friday, June 24, 2011 4:37 PM  
**To:** [Bill Blackburn](#); [Mark Hite](#)  
**Cc:** [Telesz, Todd](#)  
**Subject:** Big Rivers Indicative Proposal

Mark and Bill,

I hope you are doing well. I am writing to follow up on a conversation Todd Telesz had with Mark Bailey at the ACES conference earlier this month. Mark reminded Todd of Big Rivers' upcoming \$60 million of maturing debt in 2012 and upcoming environmental capital expenditures. We wish to provide a solution for these needs and as such, I am sending the attached term sheet for a \$75 million Delayed Draw Credit Facility.

A Delayed Draw Credit Facility is a secured amortizing term loan, with the ability for multiple tranches and availability up to one year after closing for flexible funding of the debt. If needed, each tranche would include a period of up to 45-days after the advance during which the debt may be unsecured until indenture paperwork is executed and filed to secure and perfect the lien of the debt. I propose a 20-year repayment schedule. For interest rates, the proposal includes LIBOR fixed rates, quoted fixed rates and a weekly quoted variable rate ("WQVR"). Based on today's interest rates, those rate options would be as follows:

- 1 month LIBOR option: 1.94%
- 3 month LIBOR option: 2.00%
- 12 month LIBOR option: 2.48%
- 3 year quoted fixed rate range: 2.55% - 2.80%
- 5 year quoted fixed rate range: 3.20% - 3.45%
- 10 year quoted fixed rate range: 4.35% - 4.60%
- 15 year quoted fixed rate range: 4.80% - 5.05%
- 20 year quoted fixed rate range: 4.90% - 5.15%
- WQVR: 2.90%

This facility will be eligible for patronage, which is currently set to pay 0.65% of your average daily balance (“ADB”) effectively offsetting the interest rates listed above by 0.65%. In addition, the patronage program currently accrues 0.35% of ADB to your CoBank equity account for later retirement back to Big Rivers, for a total annual patronage payment of 1.00% per year.

There would be a 0.25% collateral agent fee for each tranche and if there is any unused portion of the commitment remaining after the first 6 months, there would be an unused commitment fee initially set at .225%.

The term sheet contemplates a September 30, 2011 closing date, which is a target well within our means.

I should note that this proposal is not a binding commitment to this transaction, but represents a proposal which we are willing to recommend for approval to CoBank’s senior management. We do not yet have credit approval for this and until the final credit approval is obtained, the proposal is subject to change based on market conditions and our complete and final due diligence.

Please review the term sheet and let me know if you have any questions. I look forward to hearing your thoughts. Have a great weekend.

Regards,

Jeff

**Jeffrey E. Childs | CoBank, ACB**

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