

**Archived:** Thursday, May 31, 2012 4:00:14 PM  
**From:** [Mark Hite](#)  
**Sent:** Friday, August 19, 2011 3:43:00 PM  
**To:** [Bill Blackburn](#)  
**Subject:** RE: Big Rivers Indicative Term Loan Proposal  
**Importance:** Normal

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Jeff Childs just phoned. Please scratch the 9/20-21 proposed meeting dates. Will revisit the timing after the PSC rate case Order comes out. Thanks, Mark

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**From:** Mark Hite  
**Sent:** Tuesday, August 16, 2011 10:37 AM  
**To:** Bill Blackburn  
**Cc:** Telesz, Todd; Essig, Marshall.; 'Childs, Jeffrey'  
**Subject:** RE: Big Rivers Indicative Term Loan Proposal

Bill: Regarding the CoBank Indicative Term Sheet, Jeff indicates CoBank would like to visit Big Rivers 9/20-9/21. Please confirm whether one of these 2 dates works for you, and indicate time preference. Otherwise, propose an alternative date and time.

Thanks,

Mark

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**From:** Childs, Jeffrey [<mailto:jchilds@cobank.com>]  
**Sent:** Friday, July 29, 2011 3:44 PM  
**To:** Mark Hite; Mark Davis  
**Cc:** Telesz, Todd; Essig, Marshall.; Bill Blackburn  
**Subject:** Big Rivers Indicative Term Loan Proposal

Mark and Mark,

I am pleased to send you the attached Indicative Term Loan Proposal, Mandate Letter and Fee Letter which contemplate a \$125 million 20-year Senior Secured Term Loan.

This Term Loan will be provided by CoBank and a syndicate of Farm Credit institutions. Other structural features of the proposal include a single-advance; security provided by the Big Rivers Indenture; and a mortgage-style amortization over 20 years. Closing will be subject to customary conditions precedent, including receipt of necessary third-party and government (KPSC) approvals, among other conditions. After closing, we provide the flexibility of a 60-day period during which you may request the \$125 million advance. Additionally, our proposal includes multiple rate options including fixed rates, a variable base rate and LIBOR (for the first 3 years after Closing only).

As mentioned, there are multiple interest rate options available to you in this proposal allowing for multiple portions with different interest rates and rate tenors. However, based on the current interest rate environment, I recommend that you fix the entire balance for the entire 20 year term. Based on today's market, that 20-year rate would be in the range of 5.15% to 5.30%. Keep in mind, CoBank will pay 65 bps patronage on the amount that we hold and we expect that the syndicate of Farm Credit lenders will also pay cash patronage at some level up to 65 bps. Patronage effectively reduces the interest rate in a like amount.

As you are aware, our practice is to structure our debt capital products competitively with other similar products in the market. Accordingly, the fees involved with this financing include an arrangement fee of 25 basis points of the total commitment payable to CoBank at Closing, and an additional upfront fee of 15 basis points payable to each bank in the syndicate group based on their individual commitment, also due at Closing.

As an alternative, I can offer the straight-line (fixed level principal payment) amortization. I am aware this is not your usual preference, but this shortens the average life of the debt and as result the interest rates are approximately 15 bps lower for the longer tenors.

If you accept this proposal, please sign the attached Mandate Letter and Fee Letter and return to me as soon as possible. If you return these to us by next Friday August 5<sup>th</sup> and subject to satisfactory due diligence and our credit approval process, it's possible we could close in mid-September. Also, we would like to visit and introduce our Farm Credit partners to Big Rivers in Henderson as part of this process and would suggest August 10<sup>th</sup>.

Thank you for the business opportunity. We look forward to working with you on this. Please let me know if you have any questions.

Regards,

Jeff

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

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