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*Attorney for Distribution Member Applicants*

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

In the Matter of the Application of Deseret Generation & Transmission Co-operative, Bridger Valley Electric Association, Dixie-Escalante Rural Electric Association, Flowell Electric Association, Garkane Power Association, Moon Lake Electric Association, and Mount Wheeler Power, Inc. for Approval to Issue Securities	Docket No.  Verified Application For Approval to Issue Securities
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Deseret Generation & Transmission Co-operative (“Deseret”), Bridger Valley Electric Association (“BVEA”), Dixie-Escalante Rural Electric Association (“Dixie”), Flowell Electric Association (“Flowell”), Garkane Power Association (“Garkane”), Moon Lake Electric Association (“MLEA”), and Mount Wheeler Power, Inc. (“MWP”)(collectively, the

“Applicants”) hereby apply to the Commission pursuant to Utah Code § 54-4-31 for an Order approving and authorizing the issuance by Applicants of securities in the form of Secured Promissory Notes (“Notes”) as hereafter defined) and otherwise under or in conjunction with each of the following agreements: (i) a Secured Promissory Note (the “2026 Loan Note”) in the amount of \$10 million to the National Rural Utilities Cooperative Finance Corporation (“CFC”); (ii) a Substitute and Amended and Restated Secured Promissory Note in the amount of \$40 million to CFC (the “2018 Working Capital Loan Note”); (iii) a Fourth Amended and Restated Revolving Credit Agreement (“2018 Line of Credit”); (iv) a Conformed Obligations Restructuring Agreement Restatement (“ORA Restatement”); and (v) one or more Joint and Several Guaranty(ees) to be executed by each of Deseret’s six Distribution Members (“Member Guarantees”). All of the above agreements are collectively referred to herein as the “2018 Restructuring Agreements.” Attached hereto as Exhibits A-F are documents reflecting material, substantive terms of each of the 2018 Restructuring Agreements. Non-substantive changes may be made to any of the 2018 Restructuring Agreements, and final, executed copies of all of the same will be filed with the Commission after closing.

The 2026 Loan Note (Exhibit A) and the 2018 Working Capital Loan Note (Exhibit B) (collectively the “Notes”) will both be secured by security interests in real and personal property of Deseret pursuant to the terms of the Third Supplement and Amendment to Amended and Restated Mortgage and Security Agreement previously executed by Deseret and approved by the Commission. (Report and Order dated October 7, 2016 in Docket No. 16-506-14).

The obligation of Deseret to make repayments of amounts owed to CFC under the Notes will be guaranteed by: (i) Deseret's wholly owned subsidiary, Blue Mountain Energy, Inc. ("BME") pursuant to the terms of a Second Amended and Restated Secured Guaranty (Exhibit E) executed by BME in favor of CFC; and (ii) Member Guarantees (Exhibit F) to be executed by each of BVEA, Dixie, Flowell, Garkane, MLEA and MWP (collectively, the "Distribution Members").

The 2026 Loan Note is being executed in return for a reduction in Deseret's existing minimum long-term debt obligations currently owed to CFC and other concessions as further described below. Proceeds of advances, if any, under the 2018 Line of Credit will be used for working capital cash needs of Deseret if and as such needs may arise.

The Applicants anticipate and represent that this matter is expected to be unopposed and uncontested. Pursuant to R746-110-1 of the Utah Administrative Code ("Rule"), Applicants hereby request Informal Adjudication of this Application. This Application is supported by the sworn statement at the end of this Verified Application, and the 2018 Restructuring Agreements attached hereto, which establish the facts pertinent to this Application.

Pursuant to Rule R746-110-2, and for good cause shown, Applicants respectfully request entry of a final Commission order approving the Loan as soon as practicable, and within 30 days if feasible, in order to meet CFC timing requirements, and to maximize the value to Applicants of advantageous long-term debt reductions as negotiated with CFC in conjunction with the 2018 Restructuring Agreements. Deseret's elected governing board of trustees has unanimously approved the terms and conditions of the 2018 Restructuring Agreements. In addition, the

elected governing boards of all Distribution Members have approved and authorized the execution of the Member Guarantees at duly-called public meetings of such governing boards. Copies of resolutions duly-approving the 2018 Restructuring Agreements are attached hereto at Exhibit G.

In light of approvals by the governing board of Deseret at its duly noticed meeting, open to the public, and the approval by the respective governing boards of each Distribution Member at duly-noticed meetings of those governing boards, Applicants further ask the Commission to determine that no additional public notice of this proceeding is required under R746-110-2 of the *Rules*.

In support of this Application, Applicants represent as follows:

### **Background**

1. Deseret is a wholesale electric cooperative providing electric generating and transmission services to its six-member rural electrical cooperatives who, in turn, provide retail electric services to their cooperative members in the States of Utah, Wyoming, Arizona, Colorado, and Nevada. Applicants are public utilities subject to the jurisdiction of this Commission.

2. For years, Deseret has faced severe financial difficulties. In 1996 Deseret entered into a long-term debt restructuring and forbearance arrangement with its creditors (as amended, the “Obligations Restructuring Agreement” or “ORA”) By Order Issued July 3, 1996 in Docket No. 96-506-01, the Commission approved the issuance of securities in conjunction with the



terms and provisions of the ORA. In 1998, Deseret entered into a series of further arrangements with its major creditors for restructuring and recapitalizing Deseret's secured indebtedness.

3. Over the years since the 1996 ORA was consummated, a number of modifications and amendments to various contract provisions have been negotiated and executed among the parties to the original transaction.

4. Under provisions of the ORA, Deseret is obligated, among other things, to make certain minimum payments plus certain additional contingent payments ("Restructured Payments") on account of underlying debt obligations outstanding to various creditors. Those creditors, in turn, have agreed to forbear from exercising remedies otherwise available under the pre-existing debt owed by Deseret by reason of any payment delinquencies thereunder, so long as Deseret satisfies its undertaking under the ORA, such as the obligation to make the Restructured Payments.

5. Under provisions of the ORA, Deseret is scheduled to continue to make minimum payments through the year 2025, subject to various provisions and conditions as set forth therein.

6. In order to better accommodate anticipated timing of cash revenue(s) and expenditures for the period between now and 2025, Deseret and CFC have entered into discussions to revise the scheduled minimum annual payments included in Restructured Payments under the ORA. The result of these revisions, which will generally be to reduce minimum payments through 2025, are summarized in the tables on Exhibit H.

7. In exchange, and to partially finance the downward revisions in scheduled minimum ORA payments, Deseret has agreed to certain terms including:

- a. Deseret will execute the 2026 Loan Note in the amount of \$10 million.
- b. Deseret will covenant that it will not apply certain contingent credits (“Contingent Credits”) under the ORA to reduce or offset any cashflow deficiency—a shortfall in net annual cashflow that would prevent Deseret from making at least the minimum scheduled Restructured Payment for such year—in any year prior to 2024.<sup>1</sup>
- c. Deseret will voluntarily limit the maximum amount of Contingent Credits that it applies through the remaining term of the ORA, such that in all events, Deseret will apply no more than \$83 million (in cumulative aggregate amount) of such credits. If, in the interim, Deseret were to experience a short-term cash liquidity concern, Deseret will draw on available funds under a liberalized working capital credit arrangement that CFC is providing in the form of the 2018 Working Capital Loan Note.

8. As indicated above, pursuant to the 1996 ORA, Deseret entered into a Revolving Credit Agreement with its single largest creditor, the National Rural Utilities Cooperative Finance Corporation (“CFC”). Pursuant to a Second Consolidated, Amended and Restated Revolving Credit Agreement dated as of October 16, 2011 (the “Existing Line of Credit”), which was approved by the Commission in an Order dated October 5, 2011, in Docket 11-506-01, Deseret and CFC renewed and extended the original line of credit agreement for a commitment period having a term of five (5) years through October 16, 2016.

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1. These Contingent Credits arise for the most part, from “excess” ORA payments, which are made in years when net cashflows from ongoing operations exceed amounts otherwise necessary to satisfy minimum ORA Restructure Payments. Such credits may only be applied if and when future net cashflows fall short of the level, in a given year, that would enable Deseret to pay the minimum required Restructure Payment for such year.

9. On or about October 12, 2016, Deseret and CFC entered into a Third Amended and Restated Line of Credit (the “Extended Line of Credit”), which was approved by the Commission in an order dated October 7, 2016, in Docket 16-506-14, whereby the commitment period for funding under the credit line was extended through November 30, 2017.

10. On October 20, 2017, in Docket 17-506-01, the Commission approved the issuance of securities in connection with a First Amendment to the Extended Line of Credit whereby the commitment period for funding under the credit line was extended through November 30, 2018.

11. As further consideration for the revision in minimum Restructure Payments, and the mutual undertakings of Deseret and CFC in connection therewith, CFC is willing to provide Deseret with a larger, much longer-term working capital loan facility. The 2018 Working Capital Loan Note will replace the First Amendment to the Extended Line of Credit as approved in 2017. Among other things, the new working capital facility will:

a. Provide up to \$40 million in available funds through draw requests during a Commitment Period up to and through December 31, 2025; and

b. Allow Deseret to repay advances borrowed under the 2018 Working Capital Loan Note by making interest-only payments through the Commitment Period (December 31, 2025) and principal and interest amortization payments through the Maturity (December 30, 2030).

12. Deseret depends upon CFC as a primary source of additional financing, and has from time to time, arranged through CFC or through facilities of CFC, for needed financing

support in the form of, among other things: letters of credit for marketing and sales transactions; revolving working capital loans for finance liquidity and other working capital needs, among other things.

13. Deseret will rely on the facility evidenced by the 2018 Working Capital Loan Note as a source of continued or additional letter of credit support from CFC, working capital liquidity, and other financing support through at least the Commitment Period ending December 31, 2025.

**Revised ORA Restructured Payments and 2026 Loan**

14. Deseret and CFC will agree to revise scheduled minimum Restructure Payments through 2025 as shown in Exhibit H.

15. In addition, in the ORA Restatement (Confidential Exhibit D), CFC and Deseret will agree to certain other revisions in contract terms of the debt restructure provisions of the ORA, including:

a. Deseret covenants it will not apply Contingent Credits to offset or reduce the revised (lower) minimum Restructure Payments scheduled for years through and including 2023; any credit so applied will, if permitted by the terms of the ORA as amended, only be applied to reduce, offset or prepay scheduled minimum payments for the years 2024 and/or 2025 (the final year of scheduled payments under the ORA term).

b. Deseret agrees to limit the cumulative aggregate amount of Contingent Credits that might otherwise be available to offset or reduce the revised minimum payments to no greater than \$83 million.

c. Deseret will pay to CFC as prepayments against remaining future minimum Restructure Payments the annual excess, if any, of net cash flow from operations above certain agreed upon reserves, allowances, and other mandatory debt service requirements. Amounts so paid as prepayments will be credited along with imputed interest component at a positive rate equivalent to CFC's imputed rate for its recorded financial reporting on ORA debt it holds from Deseret and will reduce remaining future installments of minimum Restructure payments as Deseret designates.

d. Deseret will be permitted to continue to make certain wholesale rate rebates to its Distribution Members notwithstanding any applied Contingent Credits under the ORA, as amended.

e. Deseret and CFC will agree to modify certain covenants pertaining to Deseret operations, budgets, and other terms under the ORA.

16. The 2026 Loan Note bears no interest and Deseret will be obligated to make repayment thereon in the form of four (4) equal quarterly installments of \$2,500,000 each on the last day of March, June, September, and December 2026.

17. Amounts owed by Deseret to CFC under the 2026 Loan Note will be secured by the Third Supplemental Mortgage.

18. Repayments of amounts owed by Deseret to CFC under the 2026 Loan Note will be guaranteed by: (i) a Secured Guaranty executed by BME; and (ii) the Member Guarantees.

19. Confidential Exhibit D is a copy of a form of Conformed ORA setting forth the material substantive provisions of the ORA, as it has previously been amended and as it will be effective upon amendment and revision in contemplation of the 2018 Restructuring Agreements.

**2018 Working Capital Loan Note**

20. Under the terms of the 2018 Line of Credit (Exhibit C), Deseret will issue the 2018 Working Capital Loan Note in an amount not to exceed \$40 million.

20. The terms of the 2018 Line of Credit and 2018 Working Capital Loan Note include the following:

a. Payment of accrued interest on amounts of advances under the 2018 Line of Credit will become due and payable on the last day of each calendar quarter (March, June, September, December) during the Commitment Period (through December 31, 2025).

b. Payment of principal and accrued interest on unpaid balance of advances under the 2018 Line of Credit will become due and payable beginning after the Commitment Period and continuing through the Maturity Date (December 30, 2030).

c. Interest on amounts advanced under the 2018 Line of Credit will be computed at a rate equal to the CFC Line of Credit Rate during the Commitment Period (through December 31, 2025), which is the rate published by CFC from time to time, by electronic or other means, for similarly classified lines of credit extended to CFC borrowers, or if such rate is not published, then the rate determined for such lines of credit by CFC from time to time.

d. Interest on amounts advanced under the 2018 Line of Credit will be computed at a rate equal to the CFC Variable Rate during periods beginning after the Commitment Period (after December 31, 2025), which is the rate established by CFC for variable interest rate long-term loans similarly classified pursuant to the long-term loan programs established by CFC from time to time, unless and until Deseret elects to convert any portion of the outstanding loan balance to the CFC Fixed Rate, which is fixed rate as is then available for loans similarly classified pursuant to CFC's policies and procedures then in effect.

e. All amounts due and owing for advances under the 2018 Line of Credit will become due and payable in full in all events no later than December 30, 2030.

f. Amounts advanced under the 2018 Line of Credit may be repaid and/or prepaid at any time without penalty.

g. Amounts owed by Deseret to CFC under the 2018 Line of Credit Note will be secured by the Third Supplemental Mortgage.

26. Repayments of amounts owed by Deseret to CFC under the 2018 Line of Credit Note will be guaranteed by: (i) a Secured Guaranty executed by BME; and (ii) Member Guarantees.

27. To date, Deseret has not utilized the revolving credit line from CFC and has no outstanding balance.

### **Public Interest**

27. The 2018 Restructuring Agreements were all negotiated and structured to provide Deseret additional favorable long-term payment terms under the remaining Restructured Payments scheduled to be made through calendar year 2025. Applicants will also receive valuable and favorable consideration in revised covenants and restrictions that otherwise would apply to Deseret through the remaining ORA term.

28. Deseret is agreeing to certain limits in the potential application of Contingent Credits as contingent offsets to or reductions in future minimum Restructure Payments, in exchange for revisions to the ORA designed to avoid adverse impacts on the positions, rights, remedies and risks of Deseret and its Distribution Members under the ORA, as well as under other existing agreements, amendments, and arrangements between Deseret and CFC.

29. The Applicants anticipate that the combined effect of revised minimum ORA payments, liberal working capital credit terms under the 2018 Credit Line, and other accommodations that CFC is granting in exchange for the 2026 Loan Note will enable Deseret to avoid or limit future increases to its member wholesale rates or charges. Among other things, the Applicants expect:

- a. Reduced minimum payment schedules during the initial interim years beginning in 2018 will increase the ability of Deseret to generate and retain sufficient net cash flow from ongoing operations to prolong and continue making rate rebates to the Distribution Members pursuant to the wholesale rebate program established in accordance with Deseret's FERC-filed wholesale rate tariffs.



b. CFC will agree, as a condition to the ORA Restatement, that Deseret may make wholesale rate rebates to its Distribution Members during years in which Deseret is permitted to do so, even if Deseret applies Contingent Credits to offset or reduce future unpaid scheduled minimum Restructured Payments;

c. If Deseret increases the principal wholesale rate tariff to the Distribution Members beginning January 1, 2022 by an amount calculated to increase revenues from sales under such rate tariff by 8 percent (year-over-year), CFC will covenant to return to Deseret certain financial loan incentives on any future long-term debt financing requested by Deseret from CFC, provided that the total Contingent Credits applied through the term of the ORA must fall within negotiated target levels set forth in Confidential Exhibit D.

30. Representatives of all six Distribution Members who sit on Deseret's Board of Trustees have actively participated in the development of the 2018 Restructuring Agreements, and Deseret's Board of Trustees has unanimously approved the terms of the same.

31. All six Distribution Members have approved the Member Guarantees of Deseret's repayment obligations at duly noticed meetings of the respective governing boards of the Distribution Members.

32. Deseret has determined that the 2018 Line of Credit will add an increased level of certainty and stability to Deseret's financial position, will increase its ability to respond to potential working capital cash demands during the coming months and years, and will otherwise present opportunities to Deseret on terms that are advantageous to Deseret and its Distribution

Members. The 2018 Line of Credit will help avoid or delay financings that might otherwise become necessary from time to time in support of ongoing operations.

33. The 2018 Restructuring Agreements are all for lawful objects within the proper corporate purposes of the Applicants, are compatible with the public interest, are necessary or appropriate for or consistent with the proper performance by Applicants of their services as public utilities and will not impair Applicants' ability to provide or perform those services.

#### **Requested Timing of Approval**

34. Applicants respectfully request expedited and informal consideration of this Application. The terms and conditions of the 2018 Restructuring Agreements have all been reviewed and approved by Deseret's governing board, which includes representatives of all six of Deseret's Distribution Members, and the Boards of the Distribution Members have all approved the Member Guarantees.

35. Applicants desire to accelerate the date when Deseret may begin or continue to make additional prepayments against future scheduled minimum Restructure Payments under the 2018 Restructuring Agreements, which will reduce the amounts of future scheduled payments by an accrued imputed interest credit to be determined based on the dates of any such prepayments.

36. CFC has informed Applicants that it desires to finalize and close the terms of the 2018 Restructuring Agreements prior to the end of CFC's 2018 fiscal year on July 31, 2018, so as to enable CFC to reflect and record the effect of such transactions in its financial statements for its 2018 fiscal year.

37. Applicants thus respectfully request issuance of a Report and Order no later than July 27, 2018, if feasible, to allow Applicants to execute the 2018 Restructuring Agreements in time to meet the foregoing timeframe.

19. Pursuant to Rule R746-110-2, Deseret requests waiver by the Commission of the 20-day tentative period for good cause shown.

**Requested Action**

Wherefore, respectfully ask the Commission to issue an order by no later than July 27, 2018, if feasible, approving and authorizing the issuance of securities by Applicants in the form of the Notes and otherwise under or in conjunction with all of the 2018 Restructuring Agreements, in such amounts, for such purposes and with such terms and conditions substantially as specified herein; for a waiver of the 20-day tentative period of Rule R746-110-2, and for such other and further relief as may be warranted under the circumstances.

DATED this 29th day of June 2018.

David F. Crabtree

/s/ David F. Crabtree

Attorney for Deseret Generation  
& Transmission Co-operative

/s/ Gary A. Dodge

Attorney for Distribution Members

VERIFICATION

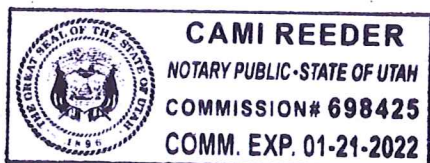
STATE OF UTAH )  
:SS  
COUNTY OF Salt Lake )

The undersigned, Gregory M. Humphreys, being first duly sworn upon oath, deposes and states that he is the Chief Financial Officer of Deseret Generation & Transmission Co-operative, the Applicant in this proceeding, that he has read the foregoing Application and is familiar with the transactions referred to herein and the documents attached hereto, and that, to the best of his knowledge, information and belief, the statements therein are all true and accurate.

  
\_\_\_\_\_  
Gregory M. Humphreys

Subscribed and sworn to before me this 28<sup>th</sup> day of June, 2018.

[Seal]



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

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served by email this 29th day of June 2018 upon the following:

### DIVISION OF PUBLIC UTILITIES

Patricia Schmid	pschmid@agutah.gov
Justin Jetter	jjetter@agutah.gov
Chris Parker	chrisparker@utah.gov
William Powell	wpowell@utah.gov

### OFFICE OF CONSUMER SERVICES

Steven Snarr	stevensnarr@agutah.gov
Robert Moore	rmoore@agutah.gov
Michele Beck	mbeck@utah.gov
Cheryl Murray	cmurray@utah.gov

/s/ Gary A. Dodge

EXHIBIT "A"

TO THE

VERIFIED APPLICATION FOR APPROVAL TO  
ISSUE SECURITIES

## SECURED PROMISSORY NOTE

\$10,000,000.00

dated as of \_\_\_\_\_, 2018

**WHEREAS**, DESERET GENERATION & TRANSMISSION CO-OPERATIVE, a Utah non-profit corporation ("Deseret"), NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, a District of Columbia cooperative association ("Payee"), BLUE MOUNTAIN ENERGY, INC., a Wyoming corporation, and National Cooperative Services Corporation, a District of Columbia cooperative association ("NCSC", and collectively with Deseret, BME and Payee, the "Parties"), are parties to an Obligations Restructuring Agreement dated as of October 16, 1996, as modified, amended or supplemented from time to time ("ORA");

**WHEREAS**, as part of the 2017 Memorandum of Understanding (as hereinafter defined), the Parties agreed that \$10,000,000.00 of Deseret's obligation to make Minimum Payments (as defined in the ORA) under the ORA would be payable in 2026, would no longer be governed by the terms of the ORA and would no longer be payable as part of the Minimum Payments under the ORA; and

**WHEREAS**, as part of the 2017 Memorandum of Understanding Deseret agreed to execute this Secured Promissory Note to evidence its obligation to repay such \$10,000,000 of its obligation to make Minimum Payments under the ORA to Payee under the terms set forth in this Note.

**NOW THEREFORE**, DESERET GENERATION & TRANSMISSION CO-OPERATIVE, for value received promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION at its office in Dulles, Virginia or such other location as the Payee may designate to Deseret, in lawful money of the United States, the principal sum of TEN MILLION and 00/100 DOLLARS (\$10,000,000.00), payable in equal quarterly installments of Two Million Five Hundred and 00/100 U.S. Dollars (\$2,500,000.00) on March 31, 2026, June 30, 2026, September 30, 2026 and December 31, 2026, *provided, however*, that if not sooner paid, then any balance of the principal amount and any other amounts due hereunder shall be due and payable on December 31, 2026 (such date herein called the "Maturity Date").

This Note is secured under an Amended and Restated Mortgage and Security Agreement, dated as of December 16, 2005, as supplemented and amended by that certain Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 15, 2011, that certain Second Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 12, 2016, and that certain Third Supplement to Amended and Restated Mortgage and Security Agreement, dated as of November 20, 2017, each between the Deseret as Mortgagor and the Payee as Mortgagee, as they may be further supplemented, amended, modified and restated from time to time ("Mortgage"). This Note is referred to in, and has been executed and delivered pursuant to and under Section 3.01 of the Mortgage. This Note is a Note (as defined in the Mortgage) under the Mortgage secured *pari passu* and of equal priority with all other Notes (as defined in the Mortgage) issued under the Mortgage regardless of the date or time of issuance.

**Section 1. Definitions.** For purposes hereof, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to the singular and the plural form thereof). Capitalized terms that are not defined herein shall have the meanings as set forth

in the Mortgage.

**“2017 Memorandum of Understanding”** shall mean the generally non-binding memorandum of understanding reached between Deseret, BME, Payee and NCSC and dated on or about December 22, 2017.

**“BME Guaranty”** shall mean the guaranty executed by BME for the benefit of Payee, which guarantees Deseret’s obligations hereunder, as such guaranty may be amended or otherwise modified from time to time.

**“Business Day”** shall mean any day that both Payee and the depository institution Payee utilizes for funds transfers hereunder are open for business.

**“Governmental Authority”** shall mean the government of the United States of America, any other nation or government, any state or other political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

**“Guarantor”** shall mean, collectively, BME and each Member that has delivered a Member Guaranty to CFC.

**“Guaranty”** shall mean, collectively, the BME Guaranty and each Member Guaranty.

**“Lien”** shall mean any statutory or common law consensual 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 Uniform Commercial Code.

**“Member”** shall mean a holder of a voting membership interest in the Borrower.

**“Member Contracts”** means those contracts for the supply of electric power and energy entered into by Deseret and one of its Members and all resource integration agreements with Members and all amendments thereto and all such contracts hereafter entered into between Deseret and any of its Members.

**“Member Guaranty”** shall mean each guaranty executed by a Member for the benefit of Payee, which jointly and severally guaranty Deseret’s obligations hereunder, as each such guaranty may be amended or modified from time to time.

**“Mortgaged Property”** shall have the meaning ascribed to it in the Mortgage.

**“Note”** shall mean this secured promissory note, as it may be amended, restated, modified, substituted or replaced from time to time.

**“Obligations”** shall mean any and all liabilities, obligations or indebtedness owing by Borrower to CFC, of any kind or description, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.



**“Permitted Encumbrances”** shall have the meaning ascribed to it in the Mortgage.

**“Person”** shall mean natural persons, sole proprietorships, cooperatives, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, associations, companies, trusts or other organizations, irrespective of whether they are legal entities, and Governmental Authorities.

**“Public Organic Record”** shall have the meaning set forth in the Uniform Commercial Code of the jurisdiction of organization of Deseret.

**“Subsidiary”** as to any Person, shall mean a corporation, partnership, limited partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of Deseret.

**Section 2. Payments.** All amounts shall be payable at Payee's main office at 20701 Cooperative Way, Dulles, VA 20166 or at such other location as designated by Payee from time to time. Each payment shall be applied first to any fees, costs, expenses or charges other than principal then due hereunder and the balance to principal. Deseret may at any time, without prior written notice to Payee and without any fee, prepay the principal amount hereof in whole or in part.

**Section 3. Representations and Warranties.** Deseret represents and warrants to Payee that as of the date hereof:

**A. Good Standing.** Deseret is duly organized, validly existing and in good standing under the laws of the state of Utah and is duly qualified to do business and is in good standing in those states in which it is required to be qualified to conduct its business.

**B. Authority; Validity.** Deseret has or had the power and authority to (i) enter into this Note and the Mortgage and (ii) to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein and in the Mortgage all of which have been duly authorized by all necessary and proper action. No consent or approval of any Person, including, as applicable and without limitation, members of Deseret, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

Each of this Note and the Mortgage is, and when fully executed and delivered will be, legal, valid and binding upon Deseret and enforceable against Deseret in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

**C. No Conflicting Agreements.** The execution and delivery of this Note and the Mortgage and performance by Deseret of the obligations thereunder, and the transactions contemplated hereby or thereby, will not: (i) violate any provision of law, any order, rule or

regulation of any court or other Governmental Authority, any award of any arbitrator, the articles of incorporation or bylaws of Deseret, or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which Deseret is a party or by which it or any of its property is bound; or (ii) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien (other than contemplated hereby) upon any of the property or assets of Deseret.

Deseret is not in default in any material respect under any material agreement or instrument to which it is a party or by which it is bound, except for those material defaults previously disclosed to Payee under certain instrument(s) and/or agreement(s) with respect to which Payee has agreed in writing, previous to the date hereof, to forebear from exercising remedies (the "Restructured Obligations"), and (except with respect to the Restructured Obligations) no event or condition exists which constitutes a default, or with the giving of notice or lapse of time, or both, would constitute a default under any such agreement or instrument.

**D. Taxes.** Deseret and each of its Subsidiaries has filed or caused to be filed all federal, state and local tax returns which are required to be filed and has paid or caused to be paid all federal, state and local taxes, assessments, and Governmental Authority charges and levies thereon, including interest and penalties to the extent that such taxes, assessments, and Governmental Authority charges and levies have become due, except for such taxes, assessments, and Governmental Authority charges and levies which Deseret or any Subsidiary, as applicable, is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside.

**E. Licenses and Permits.** Deseret has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate its property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

**F. Litigation.** There are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of Deseret, threatened against or affecting Deseret, its Subsidiaries or any of their respective properties which, if adversely determined, either individually or collectively, would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of Deseret and its Subsidiaries, taken as a whole. Deseret and its Subsidiaries are not, to Deseret's knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority which would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of Deseret and its Subsidiaries, taken as a whole.

**G. Financial Statements.** The balance sheet of Deseret as at December 31, 2017, the statement of operations of Deseret for the period ending on said date, and the interim financial statements of Deseret, all heretofore furnished to Payee, are complete and correct. Said balance sheet fairly presents the financial condition of Deseret as at said date and said statement of operations fairly reflects its operations for the period ending on said date. There has been no material adverse change in the financial condition or operations of Deseret from the financial condition and operations set forth in said financial statements except changes disclosed in writing to Payee prior to the date hereof.

**H. Deseret's Legal Status.** (i) Deseret's name on its Public Organic Record is Deseret Generation & Transmission Co-Operative, (ii) Deseret is a not-for profit corporation organized under the laws of the state of Utah, and (iii) Deseret's place of business or, if more than one, the chief executive office of Deseret, is 10714 South Jordan Gateway, Suite 300, South Jordan, Utah 84095.

**I. Required Approvals.** No license, consent or approval of any Governmental Authority is required to enable Deseret to enter into this Agreement, the Note and the Mortgage or to perform any of its Obligations provided for in such documents, including without limitation (and if applicable), that of any state public utilities commission, any state public service commission, and the Federal Energy Regulatory Commission, except for the approval of the Utah Public Utilities Commission, all of which Deseret has obtained prior to the date hereof.

**J. Compliance With Laws.** Deseret is in compliance in all material respects with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority.

**K. Disclosure.** To Deseret's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement furnished to Payee by or on behalf of Deseret in connection herewith (all such documents, certificates and financial statements, taken as a whole) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein not misleading.

**L. No Other Liens.** As to property which is presently included in the description of Mortgaged Property, Deseret has not, without the prior written approval of Payee, executed or authenticated any security agreement or mortgage, or filed or authorized any financing statement to be filed with respect to assets owned by it, other than security agreements, mortgages and financing statements in favor of Payee, except as disclosed in writing to Payee prior to the date hereof or relating to Permitted Encumbrances.

**M. Validity of Member Contracts.** The Member Contracts are valid and binding obligations of each party thereto enforceable in accordance with their terms, and remain in full force and effect, except as such enforceability may be limited by general principles of equity or by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and neither Deseret nor to its knowledge any other party thereto is in violation or breach of or default under any of such contracts.

**Section 4** The following shall be "Events of Default" under this Agreement:

**A. Representations and Warranties.** Any representation or warranty made by Deseret herein, or in the Mortgage, or in any certificate or financial statement furnished to Payee hereunder shall prove to be false or misleading in any material respect.

**B. Payment.** Deseret shall fail to pay (whether upon stated maturity, by acceleration, or otherwise) any principal or other amount payable hereunder or under the Mortgage within five (5) Business Days after the due date thereof.

**C. Legal Existence, Permits and Licenses.** Deseret shall forfeit or otherwise be deprived of (i) its authority to conduct business in the jurisdiction in which it is organized or in

any other jurisdiction where such authority is required in order for Deseret to conduct its business in such jurisdiction or (ii) permits, easements, consents or licenses required to carry on any material portion of its business.

**D. Other Payee Obligations.** Deseret shall be in breach or default of the ORA or any other Obligation, which breach or default continues uncured beyond the expiration of any applicable grace period.

**E. Other Obligations.** Deseret shall (i) fail to make any payment of any principal, premium or any other amount due or interest on any indebtedness with parties other than Payee which shall remain unpaid beyond the expiration of any applicable grace period, or (ii) be in breach or default with respect to any other term of any evidence of any other indebtedness with parties other than Payee or of any loan agreement, mortgage or other agreement relating thereto which breach or default continues uncured beyond the expiration of any applicable grace period, if the effect of such failure, default or breach is to cause the holder or holders of that indebtedness to cause that indebtedness to become or be declared due prior to its stated maturity (upon the giving or receiving of notice, lapse of time, both or otherwise).

**F. Involuntary Bankruptcy.** An involuntary case or other proceeding shall be commenced against Deseret or any Guarantor seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall continue without dismissal or stay for a period of sixty (60) consecutive days; or an order for relief shall be entered against Deseret under the federal bankruptcy laws or applicable state law as now or hereafter in effect.

**G. Insolvency.** Deseret or any Guarantor shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to, or be generally unable to, pay its debts as they become due, or shall take any action to authorize any of the foregoing.

**H. Dissolution or Liquidation.** Other than as provided in subsection H. above, the dissolution or liquidation of Deseret or any Guarantor, or failure by Deseret or any Guarantor promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) consecutive days.

**I. Material Adverse Change.** Any material adverse change in the business or condition, financial or otherwise, of Deseret and BME taken as a whole, or any Subsidiary or any other Guarantor.

**J. Judgments.** Deseret shall suffer a final, nonappealable judgment not covered by insurance, writ or warrant of attachment or similar process, and shall not discharge, vacate, bond or stay the same within a period of sixty (60) consecutive days, that could reasonably be

expected to have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of Deseret and BME, taken as a whole.

**L. Guarantor Default.** Default by any Guarantor of its obligations under its Guaranty, or by BME under the BME Guaranty.

## **Section 5. Remedies.**

**A. General Remedies.** If any Event of Default shall occur after the date hereof and shall not have been remedied within the applicable grace period therefor, then in every such event (other than an event with respect to Deseret described in Section 4.F, 4.G or 4.H) and at any time during the continuance of such event, Payee may:

- (a) Declare all unpaid principal outstanding hereunder and all other Obligations provided for herein to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived;
- (b) Exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by Payee or owed to Deseret or for the credit or account of Deseret against any and all of the Obligations of Deseret now or hereafter existing hereunder, including, but not limited to, patronage capital allocations and retirements, money due to Deseret from equity certificates purchased from Payee, and any membership or other fees that would otherwise be returned to Payee. The rights of Payee under this Section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which Payee may have;
- (c) Pursue all rights and remedies available to Payee that are contemplated by the Mortgage in the manner, upon the conditions, and with the effect provided in the Mortgage, including, but not limited to, a suit for judicial foreclosure, specific performance, injunctive relief or damages; and/or
- (d) Pursue any other rights and remedies available to Payee at law or in equity.

If any Event of Default described in Section 4.F, 4.G, or 4.H with respect to Deseret shall occur after the date hereof, then the unpaid principal outstanding hereunder and all other Obligations provided for herein shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived. In addition, Payee may pursue all rights and remedies available to Payee that are contemplated by the Mortgage in the manner, upon the conditions, and with the effect provided in the Mortgage, including, but not limited to, a suit for specific performance, injunctive relief or damages and any other rights and remedies available to Payee at law or in equity.

**B. No Waiver.** Nothing herein shall limit the right of Payee to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of Payee shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

## **Section 6. Miscellaneous**

**A. Notices.** All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by facsimile) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. All such communications shall be deemed to have been duly given (a) when personally delivered including, without limitation, by overnight mail or courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (c) in the case of notice by facsimile, upon transmission thereof, provided such transmission is promptly confirmed by either of the methods set forth in clauses (a) or (b) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

Deseret:

Deseret Generation & Transmission Co-operative  
10714 South Jordan Gateway, Suite 300  
South Jordan, Utah 84095  
Attention: David Crabtree, Esq.  
Fax #: (801) 619-6599

National Rural Utilities Cooperative Finance Corporation:  
20701 Cooperative Way  
Dulles, Virginia 20166  
Attention: General Counsel  
Fax #: 866-230-5635

**B. Expenses.** Deseret shall reimburse Payee for any reasonable costs and out-of-pocket expenses paid or incurred by Payee (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions Payee takes, (a) to enforce the payment of any Obligation provided for herein, to effect collection of any Mortgaged Property, or in preparation for such enforcement or collection, (b) to institute, maintain, preserve, enforce and foreclose on Payee's security interest in or Lien on any of the Mortgaged Property, whether through judicial proceedings or otherwise, (c) to restructure any of the Obligations provided for herein, (d) to review, approve or grant any consents or waivers hereunder, (e) to prepare, negotiate, execute, deliver, review, amend or modify this Note, and (f) to prepare, negotiate, execute, deliver, review, amend or modify any other agreements, documents and instruments deemed necessary or appropriate by Payee in connection with any of the foregoing.

The amount of all such expenses identified in this section shall be secured by the Mortgage and shall be payable upon demand.

**C. Late Payments.** If payment of any amount due hereunder is not received at Payee's office in Dulles, Virginia or such other location as Payee may designate to Deseret, within five (5) Business Days after the applicable due date thereof, Deseret will pay to Payee, any late payment charge as may be fixed by Payee from time to time pursuant to its policies of general application as in effect from time to time.

**D. Filing Fees.** To the extent permitted by law, Deseret agrees to pay all expenses of Payee (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of the Mortgage and any other security instruments as may be required by Payee in connection with this Note, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to execution, filing, registration, recordation or perfection of any document or instrument in connection herewith. Deseret agrees to save harmless and indemnify Payee from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by Payee in connection with this Note. The provisions of this section shall survive the execution and delivery of this Note and the payment of all other amounts due hereunder.

**E. Waiver; Modification.** No failure on the part of Payee to exercise, and no delay in exercising, any right or power hereunder or under the Mortgage shall operate as a waiver thereof, nor shall any single or partial exercise by Payee of any right hereunder, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Note or the Mortgage and no consent to any departure by Deseret therefrom shall in any event be effective unless the same shall be in writing by Payee, and then such modification, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

**F. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.**

(A) THE PERFORMANCE AND CONSTRUCTION OF THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

(B) DESERET HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY. DESERET IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) DESERET HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**G. INDEMNIFICATION.** DESERET HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND PAYEE AND ITS MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS AND REPRESENTATIVES (EACH AN "INDEMNITEE") FOR, FROM, AND AGAINST ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COSTS AND EXPENSES OF LITIGATION AND REASONABLE ATTORNEYS' FEES) ARISING FROM ANY CLAIM OR DEMAND IN

RESPECT OF THIS NOTE AND THE MORTGAGE, THE MORTGAGED PROPERTY, OR THE TRANSACTIONS DESCRIBED IN THIS NOTE AND THE MORTGAGE AND ARISING AT ANY TIME, WHETHER BEFORE OR AFTER PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS UNDER THIS NOTE AND THE MORTGAGE IN FULL, EXCEPTING ANY SUCH MATTERS ARISING SOLELY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF PAYEE OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 6.J HEREOF, THE OBLIGATIONS IMPOSED UPON DESERET BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THIS NOTE, AND THE TERMINATION OR RELEASE OF THE LIEN OF THE MORTGAGE.

**H. Waiver of Notice.** Deseret waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note.

**I. Complete Agreement.** This Note and the Mortgage, and the other agreements and matters referred to herein or by their terms referring hereto, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement.

**J. Successors and Assigns.** All agreements, representations and warranties of Deseret which are contained in this Note shall inure to the benefit of the successors and assigns of Payee. This Note may be assigned or transferred by Payee to any Person. Deseret shall not have the right to assign its rights or obligations under this Note. This Note shall be binding upon and inure to the benefit of Deseret and Payee and their respective permitted successors and assigns.

**K. Use of Terms.** The use of the singular herein shall also refer to the plural, and vice versa.

**L. Headings.** The headings and sub-headings contained in this Note are intended to be used for convenience only and do not constitute part of this Note.

**M. Severability.** If any term, provision or condition, or any part thereof, of this Note or the Mortgage shall for any reason be found or held invalid or unenforceable by any court of competent jurisdiction or other Governmental Authority, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Note and the Mortgage shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

**N. Survival.** All agreements, representations and warranties of Deseret which are contained in this Note shall survive the execution and delivery to Payee of this Note and the Mortgage and shall continue in full force and effect until all of the obligations hereunder and under the Mortgage have been paid in full. Provisions of this Note relating to payment of fees, costs and expenses, indemnities, governing law, waivers of jurisdiction and waiver of trial by jury shall survive the repayment of this Note.

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



DESERET GENERATION &  
TRANSMISSION CO-OPERATIVE

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_  
Secretary

EXHIBIT "B"

TO THE

VERIFIED APPLICATION FOR APPROVAL TO  
ISSUE SECURITIES

## SUBSTITUTE AMENDED AND RESTATED SECURED PROMISSORY NOTE

\$40,000,000.00

dated as of \_\_\_\_\_, 2018

DESERET GENERATION & TRANSMISSION CO-OPERATIVE, a Utah corporation ("Borrower"), for value received promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("Payee") at its office in Dulles, Virginia or such other location as the Payee may designate to the Borrower, in lawful money of the United States, the principal sum of FORTY MILLION and 00/100 DOLLARS (\$40,000,000.00) or such lesser sum of the aggregate unpaid principal amount of all advances made by the Payee pursuant to that certain Fourth Amended and Restated Revolving Credit Agreement, dated as of even date herewith, among the Borrower, Blue Mountain Energy, Inc. ("Guarantor") and the Payee, as it may be supplemented, amended, consolidated, restated or replaced from time to time (herein called the "Loan Agreement"), payable on such dates and in such principal amounts as provided in the Loan Agreement, and to pay interest on all amounts remaining unpaid hereunder from the date hereof in like money, at said office, at the rate and in amounts and payable on the dates provided in the Loan Agreement, together with any other amount payable under the Loan Agreement with respect to any advance under this Note and the Loan Agreement, *provided, however*, that if not sooner paid as provided in the Loan Agreement, then any balance of the principal amount and interest accrued thereon shall be due and payable on December 30, 2030 (such date herein called the "Maturity Date").

This Note is made in substitution and lieu of the Substitute Amended and Restated Secured Promissory Note, made by the Borrower to the Payee, dated as of November 20, 2017, and shall not constitute a novation of the indebtedness evidenced thereby.

This Note is secured under an Amended and Restated Mortgage and Security Agreement, dated as of December 16, 2005, as supplemented and amended by that certain Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 15, 2011, that certain Second Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 12, 2016, and that certain Third Supplement to Amended and Restated Mortgage and Security Agreement, dated as of November 20, 2017, each between the Borrower as Mortgagor and the Payee as Mortgagee, as they may be further supplemented, amended, modified and restated from time to time ("Mortgage"). This Note is referred to in, and has been executed and delivered pursuant to, the Loan Agreement and under Section 3.01 of the Mortgage. This Note is a Note (as defined in the Mortgage) under the Mortgage secured *pari passu* and of equal priority with all other Notes (as defined in the Mortgage) issued under the Mortgage regardless of the date or time of issuance.

This Note is guaranteed by the Guarantor under a Second Amended and Restated Secured Guaranty, dated as of even date herewith ("Guaranty"). The Guarantor's obligations under the Guaranty are secured by that certain Amended and Restated Mortgage and Security Agreement, dated as of December 16, 2005, as supplemented and amended by that certain Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 15, 2011 and that certain Second Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 12, 2016, each between the Guarantor as Mortgagor, the Payee

as Mortgagee and the Borrower, as they may be further supplemented, amended, modified and restated from time to time.

The principal hereof and interest accrued thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Mortgage or the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note.

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

(SEAL)

DESERET GENERATION &  
TRANSMISSION CO-OPERATIVE

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_  
Secretary

Loan No. UT021-I-9033

EXHIBIT "C"

TO THE

VERIFIED APPLICATION FOR APPROVAL TO  
ISSUE SECURITIES

## **FOURTH AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT**

**FOURTH AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT** (this "Agreement") is entered into as of \_\_\_\_\_, 2018, by and among **DESERET GENERATION & TRANSMISSION CO-OPERATIVE ("Borrower" or "Applicant")**, a non-profit corporation organized and existing under the laws of the State of Utah, **BLUE MOUNTAIN ENERGY, INC. ("BME")** a corporation organized and existing under the laws of the State of Wyoming, and **NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC")**, a cooperative association organized and existing under the laws of the District of Columbia.

### **RECITALS**

**WHEREAS**, Borrower, BME and CFC are parties to that certain Revolving Credit Agreement dated as of October 16, 1996 with respect to a secured revolving line of credit loan from CFC to Borrower in the original principal amount of \$20,000,000.00 as amended, consolidated and restated from time to time by the following:

Letter amendment dated August 19, 1997;  
Letter amendment dated June 28, 2000;  
Second Amendment to Revolving Credit Agreement dated October 16, 2001;  
Third Amendment to Revolving Credit Agreement dated December 31, 2001;  
Consolidated, Amended and Restated Revolving Credit Agreement dated as of October 16, 2006;  
Second Consolidated, Amended and Restated Revolving Line of Credit Agreement dated as of October 15, 2011,  
Third Amended and Restated Revolving Credit Agreement, dated as of October 12, 2016; and  
First Amendment to Third Amended and Restated Revolving Credit Agreement, dated as of November 20, 2017 (collectively referred to herein as the "Original Agreement");

**WHEREAS**, Borrower issued the Substitute Amended and Restated Secured Promissory Note dated as of November 20, 2017, in the aggregate principal amount of \$20,000,000.00 to CFC under the Original Agreement (the "Existing Note");

**WHEREAS**, Borrower's obligations under the Original Agreement, as it may be supplemented, amended, consolidated, or restated from time to time and the Existing Note are secured by the Mortgage (as hereinafter defined);

**WHEREAS**, Borrower and CFC have executed the 2017 Memorandum of Understanding (as hereinafter defined), pursuant to which, among other things, CFC has agreed to, an extension of the term of the Original Agreement and an increase in the amount thereof; and

**WHEREAS**, the parties hereto have agreed to amend and restate the Original Agreement as set forth herein to reflect that the Existing Note will be amended and restated with the Amended Note (as hereinafter defined);

**WHEREAS**, concurrently with the execution and delivery of this Agreement, Borrower shall execute and deliver the Amended Note, and this Agreement and the Amended Note will be secured by the lien of the Mortgage;

**WHEREAS**, Borrower, CFC, BME, and National Cooperative Services Corporation are parties to an Obligations Restructuring Agreement dated as of October 16, 1996, as modified, amended or supplemented from time to time ("ORA"), pursuant to which, among other things, BME guaranteed the prompt payment in full when due of all obligations owing to CFC by Borrower under the Restructure Documents (as defined in the ORA), including, but not limited to, Borrower's obligations to CFC under the Original Agreement.

**WHEREAS**, BME executed and delivered to CFC the Amended and Restated Secured Guaranty, dated October 12, 2016 ("Existing BME Guaranty"), and the Amended and Restated Secured Guaranty Note, dated October 12, 2016 ("Existing BME Note") further guaranteeing Borrower's obligations to CFC under the Original Agreement.

**WHEREAS**, BME's obligations under the ORA, the Existing BME Guaranty and the Existing BME Note are secured by the BME Mortgage (as hereinafter defined);

**WHEREAS**, BME and CFC have agreed to amend and restate the Existing BME Guaranty (the "Amended BME Guaranty") to reflect that the Existing BME Note will be amended and restated with the Amended BME Note (as hereinafter defined);

**WHEREAS**, concurrently with the execution and delivery of the Amended BME Guaranty, BME shall execute and deliver the Amended BME Note, and the Amended BME Note and the Amended BME Guaranty will be secured by the lien of the BME Mortgage;

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree and bind themselves as follows:

## **ARTICLE I**

### **DEFINITIONS**

**Section 1.01** For purposes of this Agreement, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to the singular and the plural form thereof). Capitalized terms that are not defined herein shall have the meanings as set forth in the Mortgage.

**"2017 Memorandum of Understanding"** shall mean the generally non-binding memorandum of understanding reached between Borrower and CFC and dated on or about December 22, 2017.

**"Accounting Requirements"** shall mean any system of accounts prescribed by a federal regulatory authority having jurisdiction over the Borrower or, in the absence thereof, the requirements of GAAP applicable to businesses similar to that of the Borrower.

**"Advance"** shall mean each advance of funds by CFC to Borrower pursuant to the terms and conditions of this Agreement.

**"Amended BME Guaranty"** shall mean the amended and restated guaranty referred to in the tenth Whereas clause hereof, as such guaranty may be amended, restated, modified or replaced from time to time.

**"Amended BME Note"** shall mean the secured promissory note, payable to the order of

CFC, executed by BME, dated as of even date herewith, pursuant to the BME Guaranty, as identified on Schedule 1 hereto, amending and restating the Existing Guaranty Note, as such Amended BME Note may be amended, restated, modified, substituted or replaced from time to time.

**"Amended Note"** shall mean the secured promissory note, payable to the order of CFC, executed by Borrower, dated as of even date herewith, pursuant to this Agreement, as identified on Schedule 1 hereto, amending and restating the Existing Note, as such Amended Note may be amended, restated, modified, substituted or replaced from time to time.

**"Anniversary Date"** shall mean the date twelve months from the issuance date of such Letter of Credit and if applicable, the corresponding date in each subsequent twelve (12) month period.

**"Available Commitment Amount"** shall mean, as of the date of determination, the CFC Commitment less (i) the aggregate amount of all outstanding Advances and (ii) the LC Exposure.

**"BME Guaranty"** shall mean, collectively, the ORA and the Amended BME Guaranty.

**"BME Mortgage"** shall have the meaning ascribed to it in Schedule 1 hereto.

**"BME Mortgaged Property"** shall have the meaning ascribed to the term "Mortgaged Property" in the BME Mortgage.

**"BME Permitted Encumbrances"** shall have the meaning ascribed to the term "Permitted Encumbrances" in the BME Mortgage.

**"Beneficiary"** shall mean each beneficiary of a Letter of Credit and shall include any substitute beneficiary or transferee under a transferable Letter of Credit and any successor of a beneficiary by operation of law.

**"Business Day"** shall mean any day that both CFC and the depository institution CFC utilizes for funds transfers hereunder are open for business.

**"CFC Commitment"** shall have the meaning ascribed to it in Schedule 1 hereto.

**"CFC Fixed Rate"** shall mean (i) such fixed rate as is then available for loans similarly classified pursuant to CFC's policies and procedures then in effect, or (ii) such other fixed rate as may be agreed to by the parties in writing.

**"CFC Fixed Rate Term"** shall mean the specific period of time that a CFC Fixed Rate is in effect for an Advance.

**"CFC Line of Credit Rate"** shall mean the rate published by CFC from time to time, by electronic or other means, for similarly classified lines of credit, but if not published, then the rate determined for such lines of credit by CFC from time to time.

**"CFC Variable Rate"** shall mean (i) the rate established by CFC for variable interest rate long-term loans similarly classified pursuant to the long-term loan programs established by



CFC from time to time, or (ii) such other variable rate as may be agreed to by the parties in writing.

**"Commitment Period"** shall mean the period beginning on the Effective Date and ending on December 31, 2025. Notwithstanding the foregoing, if Borrower is subject to an order from a Governmental Authority limiting the term of the Line of Credit, then the Commitment Period shall end on such earlier date specified in such order, and this Agreement shall not automatically renew unless permitted by such order or unless Borrower obtains additional authority for any renewal period.

**"Conversion Request"** shall mean a written request to CFC from any duly authorized officer or other employee of the Borrower requesting an interest rate conversion available pursuant to the terms of this Agreement.

**"Credit Extension"** shall have the meaning ascribed to it in Section 4.02 hereof.

**"Debt Service Coverage ("DSC") Ratio"** shall mean the ratio determined as follows: for any calendar year add (i) Operating Margins, (ii) Non-Operating Margins--Interest, (iii) Interest Expense, (iv) Depreciation and Amortization Expense, and (v) cash received in respect of generation and transmission and other capital credits, and divide the sum so obtained by the sum of all payments of Principal and Interest Expense required to be made during such calendar year; provided, however, that in the event that any amount of Long-Term Debt has been refinanced during such year, the payments of Principal and Interest Expense required to be made during such year on account of such refinanced amount of Long-Term Debt shall be based (in lieu of actual payments required to be made on such refinanced amount of Long-Term Debt) upon the larger of (a) an annualization of the payments required to be made with respect to the refinancing debt during the portion of such year such refinancing debt is outstanding or (b) the payment of Principal and Interest Expense required to be made during the following year on account of such refinancing debt.

**"Default Rate"** shall mean a rate per annum equal to the interest rate in effect for an Advance plus two hundred (200) basis points.

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

**"Determination Date"** shall mean, initially, the issuance date of any Letter of Credit and thereafter, if applicable, the most recently occurring Anniversary Date of such Letter of Credit.

**"Effective Date"** shall mean the date designated as such by CFC on the signature page hereof.

**"Equity"** shall mean the aggregate of the Borrower's equities and margins computed pursuant to Accounting Requirements.

**"Event of Default"** shall have the meaning as described in Article VI hereof.

**"Existing Letters of Credit"** shall mean the following letters of credit originally issued by CFC pursuant to the Original Agreement:

Letter of Credit Number	Issue Date	Beneficiary	Face Amount (\$)	Expiration Date
UT021-R-9033-002	October 16, 2012	Rockwood Casualty Insurance Company	\$2,000,000.00	November 30, 2018
UT021-R-9033-005	October 25, 2012	Old Republic Insurance Company	\$3,017,978.00	October 16, 2018
UT021-R-9033-006	November 20, 2012	State of Utah, Utah Division of Oil Gas and Mining	\$441,000.00	November 20, 2018

**“GAAP”** shall mean generally accepted accounting principles in the United States of America as in effect from time to time.

**“Governmental Authority”** shall mean the government of the United States of America, any other nation or government, any state or other political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

**“Guarantor”** shall mean, collectively, BME and each Member that has delivered a Member Guaranty to CFC.

**“Guaranty”** shall mean, collectively, the BME Guaranty and each Member Guaranty.

**“ISP 98”** shall mean International Standby Practices (1998) International Chamber of Commerce Publication No. 590, and any subsequent official revision thereof.

**“Interest Expense”** shall mean an amount constituting the interest expense with respect to all debt of the Borrower computed pursuant to Accounting Requirements. In computing Interest Expense, 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 Borrower over 2% of the Borrower's Equity.

**“Interest Rate Reset Date”** shall mean, with respect to any Advance, the first day following the expiration of the CFC Fixed Rate Term for such Advance.

**“LC Disbursement”** shall mean a payment made by CFC pursuant to a Letter of Credit.

**“LC Exposure”** shall mean, at any time, the aggregate amount available to be drawn on all outstanding Letters of Credit at such time plus the aggregate amount of all LC Disbursements that have not yet been repaid by Borrower at such time.

**“Letter of Credit”** shall have the meaning as defined in Section 3.03.A hereof.

**“Lien”** shall mean any statutory or common law consensual 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 Uniform

Commercial Code.

**"Line of Credit"** shall mean the line of credit extended by CFC to Borrower, pursuant to this Agreement, in an aggregate principal amount outstanding at any time not to exceed the CFC Commitment.

**"Loan Documents"** shall mean this Agreement, the Note, the Mortgage, and all other documents or instruments executed, delivered or executed and delivered by Borrower and evidencing, securing, governing or otherwise pertaining to the Line of Credit.

**"Long-Term Debt"** shall mean an amount constituting the long-term debt of the Borrower computed pursuant to Accounting Requirements.

**"Make-Whole Premium"** shall mean, with respect to any principal sum of a CFC Fixed Rate Advance paid prior to the expiration of the CFC Fixed Rate Term applicable thereto (the "Prepaid Principal Amount"), an amount calculated as set forth below. The Make-Whole Premium represents CFC's reinvestment loss resulting from making a fixed rate loan.

(1) Compute the amount of interest ("Loan Interest") that would have been due on the Prepaid Principal Amount at the applicable CFC Fixed Rate for the period from the prepayment date through the end of the CFC Fixed Rate Term (such period is hereinafter referred to as the "Remaining Term"), calculated on the basis of a 30-day month/360-day year, adjusted to include any amortization of principal in accordance with the amortization schedule that would have been in effect for the Prepaid Principal Amount.

(2) Compute the amount of interest ("Investment Interest") that would be earned on the Prepaid Principal Amount (adjusted to include any applicable amortization) if invested in a United States government security with a term equivalent to the Remaining Term, calculated on the basis of a 30-day month/360-day year. The yield used to determine the amount of Investment Interest shall be based upon United States government security yields dated no more than two Business Days prior to the prepayment date in Federal Reserve statistical release H.15 (519), under the caption "U.S. Government Securities/Treasury Constant Maturities". If there is no such United States government security under said caption with a term equivalent to the Remaining Term, then the yield shall be determined by interpolating between the terms of whole years nearest to the Remaining Term.

(3) Subtract the amount of Investment Interest from the amount of Loan Interest. If the difference is zero or less, then the Make-Whole Premium is zero. If the difference is greater than zero, then the Make-Whole premium is a sum equal to the present value of the difference, applying as the present value discount a rate equal to the yield utilized to determine Investment Interest.

**"Maturity Date"** with respect to the Amended Note shall have the meaning ascribed to it therein.

**"Member"** shall mean a holder of a voting membership interest in the Borrower.

**"Member Guaranty"** shall mean each guaranty entered into by a Member for the benefit of CFC pursuant to Section 4.01.C hereof, as each such guaranty may be amended or modified from time to time.

**"Mortgage"** shall have the meaning as described in Schedule 1 hereto.

**"Mortgaged Property"** shall have the meaning ascribed to it in the Mortgage.

**"Non-Operating Margins--Interest"** shall mean the amount representing the interest component of non-operating margins of the Borrower computed pursuant to Accounting Requirements.

**"Note"** shall mean the Existing Note, as amended and restated by the Amended Note, and as may be further amended, restated, modified, substituted or replaced from time to time.

**"Obligations"** shall mean any and all liabilities, obligations or indebtedness owing by Borrower to CFC, of any kind or description, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

**"Operating Margins"** shall mean the amount of patronage capital and operating margins of the Borrower computed pursuant to Accounting Requirements.

**"Permitted Encumbrances"** shall have the meaning ascribed to it in the Mortgage.

**"Person"** shall mean natural persons, sole proprietorships, cooperatives, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, associations, companies, trusts or other organizations, irrespective of whether they are legal entities, and Governmental Authorities.

**"Prepayment Administrative Fee"** shall mean an amount equal to thirty three one-hundredths of one percent (0.33%) of the amount being prepaid.

**"Principal"** shall mean the amount of principal billed on account of Long-Term Debt of the Borrower computed pursuant to Accounting Requirements.

**"Public Organic Record"** shall have the meaning set forth in the Uniform Commercial Code of the jurisdiction of organization of the Borrower.

**"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 three (3) years and covering property having an initial cost in excess of \$250,000 other than automobiles, trucks, trailers, other vehicles (including without limitation aircraft and ships), office, garage and warehouse space and office equipment (including without limitation computers).

**"Restructured Obligations"** shall have the meaning set forth in Section 2.01.C below.

**"Subsidiary"** as to any Person, shall mean a corporation, partnership, limited partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests

having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of Borrower.

**"UCP"** shall mean the Uniform Customs and Practice for Documentary Credits (2007 Version), International Chamber of Commerce Publication No. 600, and any subsequent official revision thereof.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

**Section 2.01** Borrower represents and warrants to CFC that as of the date of this Agreement:

**A. Good Standing.** Borrower is duly organized, validly existing and in good standing under the laws of the state of Utah and is duly qualified to do business and is in good standing in those states in which it is required to be qualified to conduct its business. Borrower is a member in good standing of CFC

**B. Authority; Validity.** Borrower has or had the power and authority to (i) enter into this Agreement, the Note and the Mortgage, (ii) to make the borrowing hereunder and (iii) to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein, in the Note and in the Mortgage all of which have been duly authorized by all necessary and proper action. No consent or approval of any Person, including, as applicable and without limitation, members of Borrower, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

Each of this Agreement, the Note and the Mortgage is, and when fully executed and delivered will be, legal, valid and binding upon Borrower and enforceable against Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

**C. No Conflicting Agreements.** The execution and delivery of the Loan Documents and performance by Borrower of the obligations thereunder, and the transactions contemplated hereby or thereby, will not: (i) violate any provision of law, any order, rule or regulation of any court or other Governmental Authority, any award of any arbitrator, the articles of incorporation or bylaws of Borrower, or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which Borrower is a party or by which it or any of its property is bound; or (ii) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien (other than contemplated hereby) upon any of the property or assets of Borrower.

Borrower is not in default in any material respect under any material agreement or instrument to which it is a party or by which it is bound, except for those material defaults previously disclosed to CFC under certain instrument(s) and/or agreement(s) with respect to which CFC has agreed in writing, previous to the date hereof, to forebear from exercising remedies (the "Restructured Obligations"), and (except with respect to the Restructured Obligations) no event or condition

exists which constitutes a default, or with the giving of notice or lapse of time, or both, would constitute a default under any such agreement or instrument.

**D. Taxes.** Borrower and each of its Subsidiaries has filed or caused to be filed all federal, state and local tax returns which are required to be filed and has paid or caused to be paid all federal, state and local taxes, assessments, and Governmental Authority charges and levies thereon, including interest and penalties to the extent that such taxes, assessments, and Governmental Authority charges and levies have become due, except for such taxes, assessments, and Governmental Authority charges and levies which Borrower or any Subsidiary, as applicable, is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside.

**E. Licenses and Permits.** Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate its property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

**F. Litigation.** There are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower, its Subsidiaries or any of their respective properties which, if adversely determined, either individually or collectively, would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of Borrower and its Subsidiaries, taken as a whole. Borrower and its Subsidiaries are not, to Borrower's knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority which would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of Borrower and its Subsidiaries, taken as a whole.

**G. Financial Statements.** The balance sheet of Borrower as at the date identified in Schedule 1 hereto, the statement of operations of Borrower for the period ending on said date, and the interim financial statements of Borrower, all heretofore furnished to CFC, are complete and correct. Said balance sheet fairly presents the financial condition of Borrower as at said date and said statement of operations fairly reflects its operations for the period ending on said date. There has been no material adverse change in the financial condition or operations of Borrower from the financial condition and operations set forth in said financial statements except changes disclosed in writing to CFC prior to the date hereof.

**H. Borrower's Legal Status.** Schedule 1 hereto accurately sets forth: (i) the Borrower's name on its Public Organic Record, (ii) the Borrower's organizational type and jurisdiction of organization and, (iii) the Borrower's place of business or, if more than one, its chief executive office as well as the Borrower's mailing address if different.

**I. Required Approvals.** No license, consent or approval of any Governmental Authority is required to enable Borrower to enter into this Agreement, the Note and the Mortgage or to perform any of its Obligations provided for in such documents, including without limitation (and if applicable), that of any state public utilities commission, any state public service commission, and the Federal Energy Regulatory Commission, except as disclosed in Schedule 1 hereto, all of which Borrower has obtained prior to the date hereof.

**J. Compliance With Laws.** Borrower is in compliance in all material respects with all applicable requirements of law and all applicable rules and regulations of each Governmental

Authority.

**K. Disclosure.** To Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement furnished to CFC by or on behalf of Borrower in connection herewith (all such documents, certificates and financial statements, taken as a whole) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein not misleading.

**L. No Other Liens.** As to property which is presently included in the description of Mortgaged Property, Borrower has not, without the prior written approval of CFC, executed or authenticated any security agreement or mortgage, or filed or authorized any financing statement to be filed with respect to assets owned by it, other than security agreements, mortgages and financing statements in favor of CFC, except as disclosed in writing to CFC prior to the date hereof or relating to Permitted Encumbrances.

### ARTICLE III

#### CREDIT TERMS

**Section 3.01 Credit Extensions.** Subject to the terms and conditions hereof, CFC agrees to make Advances on the Line of Credit and issue Letters of Credit from time to time, until the Business Day prior to the end of the Commitment Period

**Section 3.02 CFC Commitment; Revolving Credit.** Borrower may borrow, repay and reborrow funds at any time or from time to time until the end of the Commitment Period, *provided, however*, that (a) the aggregate amount of all outstanding Advances on the Line of Credit, plus (b) the LC Exposure, shall not exceed the CFC Commitment.

#### Section 3.03 Letters of Credit.

##### A. Issuance.

Applicant may request, and CFC shall issue, letters of credit subject to the limitation in the following paragraph. Such letters of credit shall be issued to such Beneficiaries as may be requested by Applicant from time to time under the terms and conditions of this Agreement. Each such letter of credit shall be substantially in the form attached as Exhibit A hereto or in such other form as shall be mutually agreeable to CFC and Applicant (Each such letter of credit, as amended from time to time, referred to herein as a "Letter of Credit").

Notwithstanding anything to the contrary herein, CFC shall have no obligation to issue or otherwise to amend a Letter of Credit to increase the amount thereof if the amount of such issuance or the amount of such increase would exceed the Available Commitment Amount.

##### B. Reinstatement.

**(i)** The face amount of any expired, returned, cancelled, or otherwise terminated Letter of Credit, less the amount of any unpaid LC Disbursement, shall be available, under the terms of this Agreement, for issuance of additional Letters of Credit.

**(ii)** The amount of any LC Disbursement repaid pursuant to Section 3.03.K shall be available, under the terms of this Agreement, for issuance of additional Letters of Credit.

**C. Letter of Credit Expiration Date; Issuance Period:**

Each Letter of Credit issued hereunder shall expire on the date indicated thereon, but in no event shall such date be later than the last day of the Commitment Period.

Provided that no default hereunder by Applicant has occurred and is continuing, CFC's obligation to issue any Letter of Credit under this Agreement shall remain in effect until the Business Day prior to the end of the Commitment Period.

**D. CFC Letter of Credit Designation:** The first Letter of Credit (other than the Existing Letters of Credit) issued hereunder shall bear CFC designation UT021-I-9033-007. Each subsequent Letter of Credit issued hereunder shall be numbered consecutively thereafter.

**E. Irrevocable Instruction.** Applicant hereby irrevocably and unconditionally instructs CFC to honor presentations made in accordance with the terms set forth in a Letter of Credit. It is expressly agreed that CFC may honor such presentations without requiring any documentation or information other than expressly stated in a Letter of Credit, and without regard to any contrary instructions Applicant may hereafter give to CFC.

**F. Independence.** Applicant acknowledges that the rights and obligations of CFC, including, but not limited to, honoring a presentation, under a Letter of Credit are independent of the existence, performance or nonperformance of any contract or arrangement underlying a Letter of Credit, including contracts or arrangements between CFC and Applicant (including this Agreement) and contracts or arrangements between Applicant and any Beneficiary or any disputes or controversies between Applicant and any Beneficiary, or any other person, notwithstanding that CFC may have assisted Applicant in the preparation of the wording of a Letter of Credit or documents required to be presented thereunder or that CFC may be aware of the underlying transaction or obligation or be familiar with any of the parties thereto.

**G. Nature of Applicant's Obligations; Limitations on Liability.** Applicant's obligations to CFC under this Agreement are absolute, unconditional and irrevocable, and shall be paid and performed in accordance with the terms hereof irrespective of any act, omission, event or condition, including, without limitation (a) the use which may be made of the funds drawn under a Letter of Credit or for the acts or omissions of the Beneficiary or any other person, (b) any lack of validity or enforceability of a Letter of Credit, or any term or provision therein, (c) the validity, accuracy, sufficiency or genuineness of drafts, required statements or documents, even if such drafts, statements or documents should in fact prove to be in any or all respects invalid, inaccurate, insufficient, fraudulent or forged, or (d) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of Applicant's obligations hereunder.

CFC shall not have any liability or responsibility by reason of or in connection with the issuance or transfer of a Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of CFC; provided that the foregoing shall not be construed to excuse CFC from liability to Applicant to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by Applicant



to the extent permitted by applicable law) suffered by Applicant that are caused by CFC's gross negligence or willful misconduct when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof.

Additionally, and without limiting any other provision of this Agreement, the parties expressly agree that CFC:

- (i) may rely upon any oral, telephonic, facsimile, electronic, written or other communication believed in good faith to have been authorized by Applicant, whether or not given or signed by an authorized person;
- (ii) shall not be responsible for errors, omissions, interruptions or delays in transmission or delivery of any message, advice or document in connection with a Letter of Credit by mail, telephone, facsimile or otherwise
- (iii) shall not be responsible for inquiring into, establishing, verifying or confirming the identity or authority of any signer or the form, accuracy, genuineness, falsification or legal effect of any presentation or payment instruction under a Letter of Credit if such presentation or instructions appears on its face to be in compliance with a Letter of Credit, even if the purported signer is a person whose signature is known to CFC;
- (iv) may honor any presentation under a Letter of Credit (a) which appears on its face to substantially or reasonably comply with the terms and conditions of such Letter of Credit, whether or not it appears on its face to strictly, exactly or literally comply, (b) which is or appears on its face to have been signed or presented by any purported successor of the Beneficiary or any other party in whose name such Letter of Credit requires or authorizes that any draft or other document be signed, presented or issued, or (c) which is, or appears on its face to have been, signed or presented by the Beneficiary after a change of name of the Beneficiary;
- (v) may dishonor any presentation that does not strictly comply with the terms and conditions of a Letter of Credit or is forged, fraudulent or otherwise not entitled to honor;
- (vi) may, if an otherwise complying presentation claims an amount in excess of the amount available under a Letter of Credit, honor such presentation in an amount available under such Letter of Credit;
- (vii) may make any payment under or in connection with a Letter of Credit by any means CFC chooses, including by wire transfer or by check;
- (viii) shall not be responsible for any acts or omissions by, or the solvency of, the Beneficiary; and
- (ix) shall have no obligation to delay or refuse to honor a presentation Applicant or any other party seeks to delay or enjoin until so ordered by a court of competent jurisdiction.

**H. Legal Representatives.** Applicant agrees that CFC shall have no liability to Applicant or to any other person for, and Applicant's repayment and other obligations hereunder

shall not be affected by, honoring presentations made in accordance with the terms set forth in a Letter of Credit which may be presented by the administrator, trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other legal representative of the Beneficiary.

**I. Applicant Responsibility.** Applicant is responsible for approving the text of any Letter of Credit as issued by CFC and received by Beneficiary, and CFC shall not be responsible or liable to Applicant for any terms and conditions thereof that are ineffective, ambiguous, inconsistent or impossible to satisfy. Applicant's responsibility for the final text of any Letter of Credit shall not be affected by any assistance CFC may provide such as drafting or recommending text or by CFC's use or refusal to use text submitted by Applicant. Applicant acknowledges that CFC does not represent or warrant that a Letter of Credit will satisfy Applicant's requirements or intentions, and that Applicant is responsible for the suitability of a Letter of Credit for Applicant's purposes, including, but not limited to, whether the text of a Letter of Credit approved by Applicant is acceptable to Beneficiary.

Applicant shall examine the copy of each Letter of Credit, and any other documents sent by CFC in connection with such Letter of Credit, and shall notify CFC of any non-compliance with Applicant's instructions, and of any discrepancy in any document or other irregularity, within 3 Business Days after Applicant receives or should have received any of such documents (the "Required Time"); provided, however, if the end of the Required Time falls on non-Business Day, the deadline shall be extended to the end of the next Business Day. Applicant's failure to give timely and specific notice during the Required Time of objection shall automatically waive Applicant's objection, authorize or ratify CFC's action or inaction, and preclude Applicant from raising the objection as a defense or claim against CFC.

**J. Extensions and Modifications.** This Agreement shall be binding upon Applicant with respect to any replacement, extension, amendment or modification of any Letter of Credit or waiver of discrepancies authorized by Applicant. Except as may be provided in a Letter of Credit, provided for herein or otherwise specifically agreed to in writing by CFC in its sole discretion, CFC shall have no duty to (a) extend the expiration date of any Letter of Credit, (b) issue a replacement letter of credit on or before the expiration date of a Letter of Credit or the end of such term, (c) issue or refrain from issuing notice of its election not to renew or extend any Letter of Credit, (d) issue or refrain from issuing any notice, if a Letter of Credit permits it to do so, of its election to terminate or cancel such Letter of Credit prior to its stated expiration date, (e) issue or refrain from issuing any notice of its election to refuse to reinstate the amount of any drawing under a Letter of Credit or (f) otherwise amend or modify any Letter of Credit.

**K. Automatic Advances; Repayment.** Upon a LC Disbursement, Applicant hereby authorizes and instructs CFC to make an Advance on the Line of Credit in an amount equal to such LC Disbursement, which shall be deemed a reimbursement of such LC Disbursement. Applicant agrees that this authorization is irrevocable until such time as Applicant's obligations under this Agreement have been paid in full. Applicant further agrees that CFC shall not incur any liability to Applicant as a result of such action, except in cases of gross negligence or willful misconduct by CFC. In the event that for any reason, a LC Disbursement is not repaid with the proceeds of an Advance on the Line of Credit as described herein, Applicant shall repay such LC Disbursement no later than one year from the date of such LC Disbursement.

**L. Existing Letters of Credit.** Applicant and CFC hereby acknowledge that on and as of the Effective Date, each of the Existing Letters of Credit irrevocably shall be deemed to be a Letter of Credit issued under this Agreement and all the provisions of this Agreement shall

apply to each of the Existing Letters of Credit as being a Letter of Credit issued under this Agreement, without novation of any of the obligations of Applicant to CFC in respect of said Existing Letters of Credit.

**Section 3.04 Limitation on Advances and Letters of Credit.** CFC reserves the right to limit Advances or Letters of Credit if the sum of (a) all Advances outstanding, (b) the LC Exposure (c) the amount of any further Advance requested, (d) the amount of any further Letter of Credit requested and (e) the total amount of Borrower's other unsecured outstanding debt, would exceed the CFC Commitment.

**Section 3.05 Payment.** The Line of Credit and the Note shall be payable and bear interest as follows:

**A. Payments.** The Borrower shall make each payment required to be made by it hereunder or under the Note (whether of principal, interest, fees, or otherwise) on the date when due, in immediately available funds, without set-off or counterclaim.

Interest on Advances in the amount invoiced shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time until the end of the Commitment Period. As of the date hereof, interest shall be due and payable on the last day of each of March, June, September and December. CFC shall provide reasonable prior written notice to Borrower of any change to the billing cycle or due dates for the payment of interest. Thereafter, interest on Advances and principal in the amounts invoiced shall be due and payable on the last day of each of CFC's regular billing cycles as in effect on the day after the last day of the Commitment Period. All amounts shall be payable at CFC's main office at 20701 Cooperative Way, Dulles, VA 20166 or at such other location as designated by CFC from time to time.

**B. Maturity.** The Note shall have the Maturity Date as set forth therein. If not sooner paid, any amount due on account of the unpaid principal, interest accrued thereon and fees, if any, shall be due and payable on the Maturity Date.

**C. Application of Payments.** Each payment shall be applied first to any fees, costs, expenses or charges other than interest or principal then due on the Borrower's indebtedness to CFC, second to interest accrued, and the balance to principal.

**D. Invoice.** CFC shall invoice the Borrower at least five days prior to the due date of any payment, provided, however, that CFC's failure to timely send an invoice with respect to any payment shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make such payment as provided for herein or to repay all amounts advanced hereunder in full with accrued interest as provided for herein.

**Section 3.06 Interest Rate and Interest Rate Computation.** The interest rate on all Advances hereunder and under the Note will be equal to the CFC Line of Credit Rate in effect from time to time until the end of the Commitment Period. Thereafter, the interest rate on all Advances hereunder and under the Note will be equal to the CFC Variable Rate until the Maturity Date, unless the Borrower elects to convert to a CFC Fixed Rate pursuant to the terms hereof.

If the Borrower selects, or elects to convert to, a CFC Fixed Rate for an Advance, then such rate shall be in effect for the CFC Fixed Rate Term selected by the Borrower. CFC shall provide the Borrower with at least sixty (60) days prior written or electronic notice of the Interest Rate Reset Date for such Advance. The Borrower may then select any available interest rate option for such

Advance pursuant to CFC's policies of general application. The Advance shall bear interest according to the interest rate option so selected beginning on the Interest Rate Reset Date. If the Borrower does not select an interest rate in writing prior to the Interest Rate Reset Date, then beginning on the Interest Rate Reset Date the Advance shall bear interest at the CFC Variable Rate. CFC agrees that its loan policies will include a fixed interest rate option until the Maturity Date. For any Advance, the Borrower may not select a CFC Fixed Rate with a CFC Fixed Rate Term that extends beyond the Maturity Date.

Interest on Advances bearing interest at the CFC Line of Credit Rate or the CFC Variable Rate will be computed on the basis of a 365 day year for the actual number of days that any Advance is outstanding. The effective date of an interest rate adjustment in the CFC Line of Credit Rate or the CFC Variable Rate will be determined from time to time by CFC, and shall remain in effect until any subsequent change in the interest rate occurs. Interest on Advances bearing interest at a CFC Fixed Rate shall be computed for the actual number of days elapsed on the basis of a 30-day month and 360-day year.

No provision of this Agreement shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

**Section 3.07 Amortization.** The principal amount outstanding hereunder and under the Note on the last day of the Commitment Period shall amortize on a level debt service or level principal basis as selected by the Borrower from the day after the last day of the Commitment Period through the Maturity Date.

**Section 3.08 Conversion of Interest Rates.** The Borrower may at any time exercise any or all of the following interest rate conversion options by submitting a Conversion Request. The effective date of the interest rate conversion shall be determined by CFC pursuant to its policies of general application.

**A. CFC Variable Rate to a CFC Fixed Rate.** The Borrower may convert the interest rate on an outstanding Advance from the CFC Variable Rate to a CFC Fixed Rate without a fee. Upon such conversion, the new interest rate shall be the CFC Fixed Rate in effect on the date of the Conversion Request for the CFC Fixed Rate Term selected by the Borrower.

**B. CFC Fixed Rate to CFC Variable Rate.** The Borrower may convert the interest rate on an outstanding Advance from a CFC Fixed Rate to the CFC Variable Rate, provided that the Borrower promptly pays the invoiced amount for any applicable conversion fee calculated pursuant to CFC's loan policies as established from time to time for similarly classified loans. Upon such conversion, the new interest rate shall be the CFC Variable Rate in effect on the date of the Conversion Request.

**C. A CFC Fixed Rate to Another CFC Fixed Rate.** The Borrower may convert the interest rate on an outstanding Advance from a CFC Fixed Rate to a different CFC Fixed Rate by selecting a different CFC Fixed Rate Term, provided that the Borrower promptly pays the invoiced amount for any applicable conversion fee calculated pursuant to CFC's loan policies as established from time to time for similarly classified loans. Upon such conversion, the new interest rate shall be the CFC Fixed Rate in effect on the date of the Conversion Request for the new CFC Fixed Rate Term selected by the Borrower.

### **Section 3.09 Fees.**

(i) **Issuance Fee.** For each Letter of Credit issued hereunder, Applicant shall pay to CFC a nonrefundable fee for issuing such Letter of Credit ("Issuance Fee") that shall be due and payable on the issuance date of such Letter of Credit and also annually in the event such Letter of Credit is outstanding for more than one year. Applicant shall pay the Issuance Fee to CFC promptly upon receipt of an invoice from CFC relating thereto.

The Issuance Fee for any Letter of Credit shall be in the amount set forth on Schedule 1 hereto, subject to adjustment upon the issuance of any amendment to such Letter of Credit adjusting the amount thereof. The Issuance Fee for any Letter of Credit shall be prorated, if such Letter of Credit, as it may be amended to adjust the expiry date thereof, has an expiry date other than the day prior to an Anniversary Date.

(ii) **Other Fees.** In addition to the above fees, Applicant shall pay, as and when due, such additional fees as may be charged from time to time by CFC for issuing amendments to or transferring any Letter of Credit issued hereunder, and any fees that may be imposed by a confirming bank or other financial institution in the event that a Letter of Credit issued hereunder is confirmed by such other bank or financial institution.

**Section 3.10 Default Rate.** If Borrower defaults on its obligation to make a payment due hereunder by the applicable date payment is due, and such default continues for thirty (30) days thereafter, then beginning on the thirty-first (31<sup>st</sup>) day after the payment is due and for so long as such default continues, Advances shall bear interest at the Default Rate.

**Section 3.11 Mandatory Prepayment.** If there is a change in Borrower's corporate structure (including without limitation by merger, consolidation, conversion or acquisition), then upon the effective date of such change (the "Change Date"), (a) except for Advances made to repay a Draw on a Letter of Credit pursuant to Section 3.03.K, Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder, (b) Borrower shall no longer have the ability to request, and CFC shall have no obligation to issue, a Letter of Credit hereunder, and (c) Borrower shall prepay the outstanding principal balance of all Obligations (excluding Obligations represented by undrawn amounts under outstanding Letters of Credit), together with any accrued but unpaid interest thereon, any unpaid costs or expenses provided for herein, and a prepayment premium as set forth in any agreement between Borrower and CFC with respect to any such Obligation or, if not specified therein, as prescribed by CFC pursuant to its policies of general application in effect from time to time.

Any Letter of Credit outstanding on the Change Date shall remain outstanding and subject to the terms and conditions hereof until its stated expiry date unless cancelled or returned by the Beneficiary thereof prior to such expiry date. Any Draw on such Letter of Credit shall be reimbursed by an automatic Advance made pursuant to Section 3.03.K. Borrower shall repay the outstanding principal balance of such automatic Advance, together with any accrued but unpaid interest thereon and any unpaid costs or expenses provided for herein within five (5) Business Days of CFC's payment of the Draw.

Upon the prepayment of all amounts outstanding hereunder, and the termination and/or expiration of all Letters of Credit outstanding hereunder pursuant to this Section 3.11, this Agreement shall automatically terminate without further action by either Borrower or CFC.

Notwithstanding anything to the contrary in this Section 3.11, if after giving effect to such change in Borrower's corporate structure, Borrower, or its successor in interest, is engaged in

the furnishing of electric utility services to its members and is organized as a cooperative, nonprofit corporation, public utility district, municipality, or other public governmental body, Borrower shall retain the ability to request Advances and the issuance of Letters of Credit, CFC shall retain the obligation to make Advances and issue Letters of Credit, and no prepayment shall be required under this Section 3.11.

### **Section 3.11 Optional Prepayment.**

**A.** Prior to or on the Commitment Termination Date, the Borrower may at any time, without prior written notice to CFC and without any fee, prepay any Advance in whole or in part.

**B.** Beginning on the Commitment Termination Date, the Borrower may at any time, on not less than ten (10) days prior written notice to CFC, prepay any Advance, in whole or in part. In the event the Borrower prepays all or any part of an Advance after the Commitment Termination Date (regardless of the source of such prepayment and whether voluntary, by acceleration or otherwise), the Borrower shall pay any Prepayment Administrative Fee and/or Make-Whole Premium as CFC may prescribe pursuant to the terms of this Section 3.11. All prepayments made after the Commitment Termination Date shall be accompanied by payment of accrued and unpaid interest on the amount of and to the date of the repayment. All prepayments made after the Commitment Termination Date shall be applied (i) first to any fees, costs, expenses or charges due hereunder other than interest or principal, (ii) second, to the payment of accrued and unpaid interest, and (iii) third, the balance, if any, to the outstanding principal balance of the applicable Advance.

If the Advance bears interest at the CFC Variable Rate, then the Borrower may on any Business Day prepay the Advance or any portion thereof, provided that the Borrower pays together therewith the Prepayment Administrative Fee. If the Advance bears interest at a CFC Fixed Rate, then the Borrower may prepay the Advance on (a) the Business Day before an Interest Rate Reset Date, provided that the Borrower pays together therewith the Prepayment Administrative Fee, or (b) any other Business Day, provided that the Borrower pays together therewith the Prepayment Administrative Fee and any applicable Make-Whole Premium.

**Section 3.12 Amendment; No Novation.** For the avoidance of doubt, the Amended Note is made and entered into by Borrower as an amendment and restatement of the Existing Note. The debt outstanding under the Amended Note shall not be affected by the cancellation of the Existing Note.

## **ARTICLE IV**

### **CONDITIONS OF LENDING**

**Section 4.01 Conditions Precedent to Closing.** The obligation of CFC to make Advances or to issue Letters of Credit hereunder shall not become effective until the date on which the following conditions precedent have been satisfied:

**A. Legal Matters.** All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for CFC.

**B. Representations and Warranties.** The representations and warranties contained in Article II shall be true on the date hereof.

**C. Closing Deliverables.** CFC shall have been furnished with the following, in form and substance satisfactory to CFC:

**(i) Borrower Documents.** (a) the executed Loan Documents, (b) certified copies of all such organizational documents and proceedings of Borrower authorizing the transactions hereby contemplated as CFC shall require, (c) an opinion of counsel for Borrower addressing such legal matters as CFC shall reasonably require, and (d) all other such documents as CFC may reasonably request.

**(ii) BME Documents.** (a) the executed Amended BME Guaranty and Amended BME Note, (b) certified copies of all such organizational documents and proceedings of BME authorizing the transactions hereby contemplated as CFC shall require, (c) an opinion of counsel for BME addressing such legal matters as CFC shall reasonably require, and (d) all other such documents as CFC may reasonably request.

**(iii) Member Documents.** (a) executed Member Guaranties from one or more Members acceptable to CFC which jointly and severally guaranty the Borrower's obligations hereunder and under the Note, (b) certified copies of all such organizational documents and proceedings of each Member providing a Member Guaranty authorizing the transactions contemplated thereby as CFC shall require, (c) an opinion of counsel for each Member providing a Member Guaranty addressing such legal matters as CFC shall reasonably require, and (d) all other such documents as CFC may reasonably request.

**(iv) Government Approvals.** True and correct copies of all certificates, authorizations, consents, permits and licenses from Governmental Authorities necessary for the execution or delivery of (a) the Loan Documents or performance by Borrower of the obligations hereunder or thereunder, (b) the BME Guaranty by BME or performance by BME of the obligations hereunder or thereunder, and (c) each Member Guaranty by a Member or performance by such Member of the obligations thereunder.

**D. Fees.** Borrower shall have paid all fees hereunder as and when due.

**E. Mortgage Recordation.**

**(i) Borrower Mortgage.** The Mortgage shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a Lien, subject to Permitted Encumbrances, on all of Borrower's real property, all in accordance with all applicable laws, rules and regulations, and Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

**(ii) BME Mortgage.** The BME Mortgage shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a Lien, subject to BME Permitted Encumbrances, on all of BME's real property, all in accordance with all applicable laws, rules and regulations, and BME or Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

**F. UCC Filings.**

(i) **Borrower UCC.** Uniform Commercial Code financing statements (and any continuation statements and other amendments thereto that CFC shall require from time to time) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a perfected security interest, subject to Permitted Encumbrances, in the Mortgaged Property which may be perfected by the filing of a financing statement, all in accordance with all applicable laws, rules and regulations, and Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

(ii) **BME UCC.** Uniform Commercial Code financing statements (and any continuation statements and other amendments thereto that CFC shall require from time to time) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a perfected security interest, subject to BME Permitted Encumbrances, in the BME Mortgaged Property which may be perfected by the filing of a financing statement, all in accordance with all applicable laws, rules and regulations, and BME or Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

**G. Closing of Related Transactions.** (a) the Borrower, BME and CFC shall have executed the ORA Restatement (as defined in the 2017 Memorandum of Understanding) and all conditions precedent to its effectiveness shall have been satisfied and (b) the Borrower and CFC shall have documented the 2026 Obligation (as defined in the 2017 Memorandum of Understanding) and all conditions precedent to its effectiveness shall have been satisfied.

**H. Special Conditions of Closing.** CFC shall be fully satisfied that Borrower has complied with all special conditions of closing identified in Schedule 1 hereto.

**Section 4.02 Each Credit Event.** The obligation of CFC to make any Advance and to issue, amend, renew or extend any Letter of Credit (each of the foregoing, a "Credit Extension") is additionally subject to satisfaction of the following conditions:

**A. Representations and Warranties.**

(i) The representations and warranties contained in Article II shall be true on the date of each Credit Extension with the same effect as though such representations and warranties had been made on such date;

(ii) No Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to each Credit Extension on the books of Borrower;

(iii) There shall have occurred no material adverse change in the business or condition, financial or otherwise, of Borrower or any Guarantor; and nothing shall have occurred which in the opinion of CFC materially and adversely affects Borrower's ability to perform its obligations hereunder or any Guarantor's ability to perform its obligations under its Guaranty.

**B. Requisitions.**

(i) Except for Advances made pursuant to Section 3.03.K, Borrower will requisition each Advance by submitting its written requisition to CFC in form and substance satisfactory to



CFC no later than 12:00 noon local time at CFC's offices in Dulles, Virginia on the Business Day prior to the Business Day Borrower seeks to have funds advanced. CFC may require Borrower to submit such additional information as it may reasonably require prior to funding the Advance request.

(ii) Applicant will request the issuance of each Letter of Credit by submitting its written requisition to CFC in the form attached as Exhibit B hereto. Applicant will request the issuance of any amendment to a Letter of Credit by submitting its written requisition to CFC in the form attached as Exhibit C hereto. Each such request shall be made at least two Business Days prior to the requested date of issuance or amendment.

**C. Fees.** Borrower shall have paid all fees hereunder as and when due.

**D. Special Conditions of Credit Extensions.** CFC shall be fully satisfied that Borrower has complied with all special conditions to credit extensions identified in Schedule 1 hereto.

## **ARTICLE V**

### **COVENANTS**

**Section 5.01 Affirmative Covenants.** Borrower covenants and agrees with CFC that until payment in full of the Line of Credit and the Note and performance of all obligations of Borrower hereunder:

**A. Use of Proceeds.** Borrower shall use the proceeds of this Line of Credit solely for the purposes identified on Schedule 1 hereto.

**B. Notice.** Borrower shall promptly notify CFC in writing of:

- (i) any material adverse change in the business, operations, prospects, assets, liabilities or financial condition of Borrower, any Subsidiary or any Guarantor;
- (ii) the institution or threat of any litigation or administrative proceeding of any nature involving Borrower, any Subsidiary or any Guarantor which could materially affect the business, operations, prospects, assets, liabilities or financial condition of Borrower, any Subsidiary or any Guarantor;
- (iii) the occurrence of an Event of Default hereunder, or any event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

**C. Default Notices.** Upon receipt of any notices with respect to a default by Borrower, any Subsidiary or BME under the terms of any evidence of any indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto, Borrower shall, and shall cause BME and each Subsidiary to, deliver copies of such notice to CFC.

**D. Annual Certificates.** Within one hundred twenty (120) days after the close of each calendar year, commencing with the year in which the initial Advance hereunder shall have

been made, Borrower will deliver to CFC a written statement, in form and substance satisfactory to CFC, signed by Borrower's General Manager or Chief Executive Officer, (i) stating that during such year, and that to the best of said person's knowledge, Borrower has fulfilled all of its obligations under this Agreement, the ORA, and the Mortgage throughout such year or, if there has been a default in the fulfillment of any such obligations, specifying each such default known to said person and the nature and status thereof and (ii) setting forth in reasonable detail its calculation of its DSC Ratio (if required pursuant to Section 5.01.J for the prior year.

**E. Financial Books; Financial Reports; Right of Inspection.** Borrower will at all times keep, and safely preserve, proper books, records and accounts in which full and true entries will be made of all of the dealings, business and affairs of Borrower, in accordance with GAAP.

Borrower will cause to be prepared and furnished to CFC within one hundred twenty (120) days of the end of each of Borrower's fiscal years during the term hereof, a full and complete consolidated and consolidating report of its financial condition and of its operations as of the end of such fiscal year, audited and certified by independent certified public accountants nationally recognized or otherwise satisfactory to CFC and accompanied by a report of such audit in form and substance satisfactory to CFC, including without limitation a consolidated and consolidating balance sheet and the related consolidated and consolidating statements of income and cash flow.

CFC, through its representatives, shall at all times during reasonable business hours and upon prior notice have access to, and the right to inspect and make copies of, any or all books, records and accounts, and any or all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of Borrower or in any way pertaining to its property or business.

**F. Compliance With Laws.** Borrower and each Subsidiary shall remain in compliance, in all material respects, with all applicable requirements of law and applicable rules and regulations of each Governmental Authority.

**G. Notice of Additional Secured Debt.** Borrower will notify CFC promptly in writing if it incurs any additional secured indebtedness other than indebtedness to CFC or indebtedness otherwise provided for in the Mortgage.

**H. Taxes.** Borrower shall pay, or cause to be paid all taxes, assessments or Governmental Authority charges lawfully levied or imposed on or against it and its properties prior to the time they become delinquent, except for any taxes, assessments or charges that are being contested in good faith and with respect to which adequate reserves as determined in good faith by Borrower have been established and are being maintained.

**I. Further Assurances.** Borrower shall execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, rule or regulation, or which CFC may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created thereby. Borrower also agrees to provide to CFC, from time to time upon request, evidence reasonably satisfactory to CFC as to the perfection and priority of the Liens created or intended to be created by the Loan Documents.

**J. DSC Ratio.** Borrower shall achieve an annual DSC Ratio of not less than 1.10 for each calendar year beginning after December 31, 2025.

**Section 5.02 Negative Covenants.** Borrower covenants and agrees with CFC that until payment in full of the Line of Credit and the Note and performance of all obligations of Borrower hereunder, Borrower will not, directly or indirectly, without CFC's prior written consent:

**A. Limitations on Mergers.** Consolidate with, merge, or sell all or substantially all of its business or assets, or enter into an agreement for such consolidation, merger or sale, to another entity or person unless such action is either approved, as is evidenced by the prior written consent of CFC, or the purchaser, successor or resulting corporation is or becomes a member in good standing of CFC and assumes the due and punctual payment of all amounts due hereunder and the due and punctual performance of the covenants contained in the ORA, the Mortgage and this Agreement.

**B. Organizational Change.** Change its type of organization or other legal structure, except as permitted by Section 5.02.A hereof, in which case Borrower shall provide at least thirty (30) days prior written notice to CFC together with all documentation reflecting such change as CFC may reasonably require.

**C. Notice of Change in Borrower Information.** Change its (i) state of incorporation, (ii) legal name, or (iii) mailing address, unless the Borrower provides written notice to CFC at least thirty (30) days prior to the effective date of any such change together with all documentation reflecting any such change as CFC may reasonably require.

## ARTICLE VI

### EVENTS OF DEFAULT

**Section 6.01** The following shall be "Events of Default" under this Agreement:

**A. Representations and Warranties.** Any representation or warranty made by Borrower herein, or in any of the other Loan Documents, or in any certificate or financial statement furnished to CFC hereunder or under any of the other Loan Documents shall prove to be false or misleading in any material respect.

**B. Payment.** Borrower shall fail to pay (whether upon stated maturity, by acceleration, or otherwise) any principal, unpaid LC Disbursement, interest, premium (if any) or other amount payable under the Line of Credit or any of the other Loan Documents within five (5) Business Days after the due date thereof.

**C. Other Covenants.**

**(i) No Grace Period.** Failure of Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.C, 5.01.D, 5.01.E, 5.01.J or 5.02, of this Agreement.

**(ii) Thirty Day Grace Period.** Failure of Borrower to observe or perform any other covenant or agreement contained in this Agreement or any of the other

Loan Documents, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to Borrower by CFC.

**D. Legal Existence, Permits and Licenses.** Borrower shall forfeit or otherwise be deprived of (i) its authority to conduct business in the jurisdiction in which it is organized or in any other jurisdiction where such authority is required in order for Borrower to conduct its business in such jurisdiction or (ii) permits, easements, consents or licenses required to carry on any material portion of its business.

**E. Other CFC Obligations.** Borrower shall be in breach or default of any Obligation, which breach or default continues uncured beyond the expiration of any applicable grace period.

**F. Other Obligations.** Borrower shall (i) fail to make any payment of any principal, premium or any other amount due or interest on any indebtedness with parties other than CFC which shall remain unpaid beyond the expiration of any applicable grace period, or (ii) be in breach or default with respect to any other term of any evidence of any other indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto which breach or default continues uncured beyond the expiration of any applicable grace period, if the effect of such failure, default or breach is to cause the holder or holders of that indebtedness to cause that indebtedness to become or be declared due prior to its stated maturity (upon the giving or receiving of notice, lapse of time, both or otherwise).

**G. Involuntary Bankruptcy.** An involuntary case or other proceeding shall be commenced against Borrower or any Guarantor seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall continue without dismissal or stay for a period of sixty (60) consecutive days; or an order for relief shall be entered against Borrower under the federal bankruptcy laws or applicable state law as now or hereafter in effect.

**H. Insolvency.** Borrower or any Guarantor shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to, or be generally unable to, pay its debts as they become due, or shall take any action to authorize any of the foregoing.

**I. Dissolution or Liquidation.** Other than as provided in subsection H. above, the dissolution or liquidation of Borrower or any Guarantor, or failure by Borrower or any Guarantor promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) consecutive days. The term "dissolution or liquidation of Borrower", as used in this subsection, shall not be construed to include the cessation of the corporate existence of Borrower resulting either from a merger or consolidation of Borrower into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions set forth in Section 5.02.A.

**J. Material Adverse Change.** Any material adverse change in the business or condition, financial or otherwise, of Borrower and BME taken as a whole, or any Subsidiary or any other Guarantor.

**K. Judgments.** Borrower shall suffer a final, nonappealable judgment not covered by insurance, writ or warrant of attachment or similar process, and shall not discharge, vacate, bond or stay the same within a period of sixty (60) consecutive days, that could reasonably be expected to have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of Borrower and BME, taken as a whole.

**L. Guarantor Default.** Default by any Guarantor of its obligations under its Guaranty, or by BME under the BME Mortgage.

## ARTICLE VII

### REMEDIES

**Section 7.01 General Remedies.** If any Event of Default shall occur after the date of this Agreement and shall not have been remedied within the applicable grace period therefor, then in every such event (other than an event with respect to Borrower described in Section 6.01.G, 6.01.H or 6.01.I) and at any time during the continuance of such event, CFC may:

- (a) Cease making Advances hereunder;
- (b) Terminate the Line of Credit;
- (c) Cease issuing Letters of Credit hereunder;
- (d) Declare all unpaid principal outstanding on the Line of Credit and the Note, all accrued and unpaid interest thereon, and all other Obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived;
- (e) Exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to Borrower or for the credit or account of Borrower against any and all of the Obligations of Borrower now or hereafter existing hereunder or under the Line of Credit and the Note, including, but not limited to, patronage capital allocations and retirements, money due to Borrower from equity certificates purchased from CFC, and any membership or other fees that would otherwise be returned to Borrower. The rights of CFC under this Section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which CFC may have. Borrower waives all rights of setoff, deduction, recoupment or counterclaim;
- (f) Pursue all rights and remedies available to CFC that are contemplated by the Mortgage and the other Loan Documents in the manner, upon the conditions, and with the effect provided in the Mortgage and the other Loan Documents, including, but not limited to, a suit for judicial foreclosure, specific performance, injunctive relief or damages; and/or

- (g) Pursue any other rights and remedies available to CFC at law or in equity.

If any Event of Default described in Section 6.01.G, 6.01.H or 6.01.I with respect to Borrower shall occur after the date of this Agreement, then CFC's commitment to make Advances and issue Letters of Credit hereunder shall automatically terminate and the unpaid principal outstanding hereunder and under the Note, all accrued and unpaid interest thereon, and all other Obligations shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived. In addition, CFC may pursue all rights and remedies available to CFC that are contemplated by the Mortgage and the other Loan Documents in the manner, upon the conditions, and with the effect provided in the Mortgage and the other Loan Documents, including, but not limited to, a suit for specific performance, injunctive relief or damages and any other rights and remedies available to CFC at law or in equity.

**Section 7.02 No Waiver.** Nothing herein shall limit the right of CFC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of CFC shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

## ARTICLE VIII

### MISCELLANEOUS

**Section 8.01 Amendment and Restatement.** The parties hereto understand and agree that all of the terms, conditions and provisions of this Agreement shall supersede all of the terms, conditions and provisions of the Original Agreement and that the rights and obligations of each shall be governed by this Agreement rather than the Original Agreement from the date all conditions hereof have been fulfilled.

**Section 8.02 Notices.** All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by facsimile) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. All such communications shall be deemed to have been duly given (a) when personally delivered including, without limitation, by overnight mail or courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (c) in the case of notice by facsimile, upon transmission thereof, provided such transmission is promptly confirmed by either of the methods set forth in clauses (a) or (b) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

Borrower:

The address set forth in  
Schedule 1 hereto

National Rural Utilities Cooperative Finance Corporation:  
20701 Cooperative Way  
Dulles, Virginia 20166  
Attention: General Counsel

Fax # 866-230-5635

**Section 8.03 Expenses.** Borrower shall reimburse CFC for any reasonable costs and out-of-pocket expenses paid or incurred by CFC (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions CFC takes, (a) to enforce the payment of any Obligation, to effect collection of any Mortgaged Property, or in preparation for such enforcement or collection, (b) to institute, maintain, preserve, enforce and foreclose on CFC's security interest in or Lien on any of the Mortgaged Property, whether through judicial proceedings or otherwise, (c) to restructure any of the Obligations, (d) to review, approve or grant any consents or waivers hereunder, (e) to prepare, negotiate, execute, deliver, review, amend or modify this Agreement, and (f) to prepare, negotiate, execute, deliver, review, amend or modify any other agreements, documents and instruments deemed necessary or appropriate by CFC in connection with any of the foregoing.

The amount of all such expenses identified in this Section 8.03 shall be secured by the Mortgage and shall be payable upon demand, and if not paid, shall accrue interest at the then prevailing CFC Line of Credit Rate plus two hundred (200) basis points.

**Section 8.04 Late Payments.** If payment of any amount due hereunder or under the Note is not received at CFC's office in Dulles, Virginia or such other location as CFC may designate to Borrower, within five (5) Business Days after the applicable due date thereof, Borrower will pay to CFC, in addition to all other amounts due under the terms of the Loan Documents, any late payment charge as may be fixed by CFC from time to time pursuant to its policies of general application as in effect from time to time.

**Section 8.05 Non-Business Day Payments.** If any payment to be made by Borrower hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

**Section 8.06 Filing Fees.** To the extent permitted by law, Borrower agrees to pay all expenses of CFC (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of the Mortgage and any other security instruments as may be required by CFC in connection with this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to execution, filing, registration, recordation or perfection of any document or instrument in connection herewith. Borrower agrees to save harmless and indemnify CFC from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by CFC in connection with this Agreement. The provisions of this Section 8.06 shall survive the execution and delivery of this Agreement and the payment of all other amounts due under the Loan Documents.

**Section 8.07 CFC Accounts.** Borrower agrees that the records of, and all computations by, CFC (in whatever media they are recorded or maintained) as to the amount of principal, interest and fees due on the Line of Credit shall be conclusive in the absence of manifest error.

**Section 8.08 Waiver; Modification.** No failure on the part of CFC to exercise, and no delay in exercising, any right or power hereunder or under the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise by CFC of any right hereunder, or any abandonment or discontinuance of steps to enforce such right or power,

preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement or the other Loan Documents and no consent to any departure by Borrower therefrom shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent, and then such modification, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

**SECTION 8.09 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.**

(A) THE PERFORMANCE AND CONSTRUCTION OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

THE UCP OR ISP 98 AS APPLICABLE TO EACH LETTER OF CREDIT GOVERNS THIS AGREEMENT AND IS INCORPORATED HEREIN. SUBJECT TO THE OTHER PROVISIONS OF THIS AGREEMENT, THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE COMMONWEALTH OF VIRGINIA, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES, EXCEPT TO THE EXTENT THAT SUCH LAW IS INCONSISTENT WITH THE UCP OR ISP 98, AS APPLICABLE. IN THE EVENT ANY PROVISION OF THE UCP OR ISP 98, AS APPLICABLE, IS OR IS CONSTRUED TO VARY FROM OR BE IN CONFLICT WITH ANY PROVISION OF ANY APPLICABLE LAW OF THE COMMONWEALTH OF VIRGINIA OR THE FEDERAL LAW OF THE UNITED STATES, TO THE EXTENT PERMITTED BY LAW, THE UCP OR THE ISP 98, AS APPLICABLE, SHALL GOVERN OR BE READ TO EXPLAIN THE APPLICABLE LAW. UNLESS APPLICANT SPECIFIES OTHERWISE IN ITS APPLICATION FOR A LETTER OF CREDIT, APPLICANT AGREES THAT CFC MAY ISSUE SUCH LETTER OF CREDIT SUBJECT TO THE UCP OR ISP 98 OR, AT CFC'S OPTION, SUCH LATER REVISION OF EITHER THEREOF AS IS IN EFFECT AT THE TIME OF ISSUANCE OF SUCH LETTER OF CREDIT. CFC'S PRIVILEGES, RIGHTS AND REMEDIES UNDER THE UCP, ISP 98 OR SUCH LATER REVISION SHALL BE IN ADDITION TO, AND NOT IN LIMITATION OF, ITS PRIVILEGES, RIGHTS, AND REMEDIES EXPRESSLY PROVIDED FOR HEREIN. THE UCP AND ISP 98 SHALL SERVE, IN THE ABSENCE OF PROOF TO THE CONTRARY, AS EVIDENCE OF STANDARD PRACTICE WITH RESPECT TO THE SUBJECT MATTER THEREOF.

(B) BORROWER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) BORROWER AND CFC EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.



**SECTION 8.10 INDEMNIFICATION.** BORROWER HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND CFC AND ITS MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS AND REPRESENTATIVES (EACH AN "INDEMNITEE") FOR, FROM, AND AGAINST ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COSTS AND EXPENSES OF LITIGATION AND REASONABLE ATTORNEYS' FEES) ARISING FROM

(a) ANY CLAIM OR DEMAND IN RESPECT OF THIS AGREEMENT, ANY LETTER OF CREDIT OR THE OTHER LOAN DOCUMENTS, THE MORTGAGED PROPERTY OR THE TRANSACTIONS DESCRIBED IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ARISING AT ANY TIME, WHETHER BEFORE OR AFTER PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS IN FULL, (b) ANY PAYMENT OR ACTION TAKEN IN CONNECTION WITH ANY LETTER OF CREDIT, INCLUDING, WITHOUT LIMITATION, ANY ACTION OR PROCEEDING SEEKING TO (i) RESTRAIN ANY DRAWING UNDER A LETTER OF CREDIT, (ii) COMPEL OR RESTRAIN PAYMENT OR ANY OTHER ACTION UNDER A LETTER OF CREDIT OR THIS AGREEMENT OR (iii) OBTAIN DAMAGES FOR WRONGFUL DISHONOR OR HONOR OF A LETTER OF CREDIT; OR (c) THE ENFORCEMENT OF THIS AGREEMENT OR ANY RIGHTS OR REMEDIES UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY LETTER OF CREDIT; EXCEPT, IN EACH CASE, TO THE EXTENT SUCH MATTERS ARISE SOLELY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CFC OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.12 HEREOF, THE OBLIGATIONS IMPOSED UPON BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE LINE OF CREDIT, THE NOTE AND ALL LC DISBURSEMENTS, THE TERMINATION OF THIS AGREEMENT OR THE RELEASE OF THE LIEN OF THE MORTGAGE.

**Section 8.11 Complete Agreement.** This Agreement, together with the schedules and exhibits hereto and the other Loan Documents, and the other agreements and matters referred to herein or by their terms referring hereto, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement. In the event of any conflict in the terms and provisions of this Agreement and any other Loan Documents, the terms and provisions of this Agreement shall control.

**Section 8.12 Survival; Successors and Assigns.** All covenants, agreements, representations and warranties of Borrower which are contained in this Agreement shall survive the execution and delivery to CFC of the Loan Documents and the making of Advances and issuance of Letters of Credit hereunder and shall continue in full force and effect until all of the obligations under the Loan Documents have been paid in full. All covenants, agreements, representations and warranties of Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of CFC. Borrower shall not have the right to assign its rights or obligations under this Agreement.

**Section 8.13 Use of Terms.** The use of the singular herein shall also refer to the plural, and vice versa.

**Section 8.14 Headings.** The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

**Section 8.15 Severability.** If any term, provision or condition, or any part thereof, of this Agreement or the other Loan Documents shall for any reason be found or held invalid or

unenforceable by any court of competent jurisdiction or other Governmental Authority, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement and the other Loan Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

**Section 8.16 Binding Effect.** This Agreement shall become effective when it shall have been executed by both Borrower and CFC and thereafter shall be binding upon and inure to the benefit of Borrower and CFC and their respective successors and assigns.

**Section 8.17 Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

**Section 8.18 Termination of Agreement.** Notwithstanding anything to the contrary herein, this Agreement shall remain in full effect so long as (a) all Letters of Credit have not expired or been cancelled or otherwise terminated or (b) any LC Disbursement has not been repaid. Provisions of this Agreement relating to payment of fees, costs and expenses, indemnities, governing law, waivers of jurisdiction and waiver of trial by jury shall survive the termination of this Agreement.

**Section 8.19 Security.** This Line of Credit and the obligations of Borrower hereunder are secured under the Mortgage.

**Section 8.20 Schedules.** Schedule 1 and Exhibits A, B and C are attached hereto and are an integral part of this Agreement.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

**DESERET GENERATION & TRANSMISSION  
CO-OPERATIVE**

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

**BLUE MOUNTAIN ENERGY, INC.**

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

**NATIONAL RURAL UTILITIES COOPERATIVE  
FINANCE CORPORATION**

(SEAL)

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

Assistant Secretary-Treasurer

Attest: \_\_\_\_\_

Assistant Secretary-Treasurer

**Loan Number: UT021-I-9033**

**Effective Date: \_\_\_\_\_ (to be filled in by CFC)**

## SCHEDULE 1

1. The purpose of the Line of Credit is to provide funds for Borrower's general corporate use, consistent with Borrower's articles of incorporation, bylaws and applicable federal, state and local laws and regulations and for the issuance of Letters of Credit.
2. The CFC Commitment shall mean \$40,000,000.00, provided, however, that if Borrower is subject to an order from a Governmental Authority limiting the amount of indebtedness that Borrower may incur under this Agreement, then the aggregate CFC Commitment shall mean the lesser amount specified in such order unless Borrower obtains additional authority to increase said amount.
3. The BME Mortgage shall mean the Amended and Restated Mortgage by and between BME, as Mortgagor, CFC, as Mortgagee and Borrower, dated December 16, 2005, as it may have been or shall be supplemented, amended, consolidated, or restated from time to time.
4. The Mortgage shall mean the Amended and Restated Mortgage by and between Borrower, as Mortgagor and CFC, as Mortgagee dated December 16, 2005, as it may have been or shall be supplemented, amended, consolidated, or restated from time to time.
5. The Amended Guaranty Note referred to in Section 1.01 is as follows:

AMENDED GUARANTY NOTE	
Amended Note	Note Date
Substitute Amended and Restated Secured Guaranty Note	Even Date Herewith

6. The Amended Note referred to in Section 1.01 is as follows:

<b>AMENDED NOTE</b>		
<b>Amended Note</b>	<b>Amount</b>	<b>Note Date</b>
Substitute Amended and Restated Secured Promissory Note (UT021-I-9033)	\$40,000,000.00	Even Date Herewith

7. The date of Borrower's balance sheet referred to in Section 2.01.G is December 31, 2017.
8. The Governmental Authority referred to in Section 2.01.H is: Utah Public Utilities Commission
9. Borrower's exact legal name is: Deseret Generation & Transmission Co-Operative
10. Borrower's organizational type is: Not-for profit corporation
11. Borrower is organized under the laws of the state of: Utah
12. The place of business or, if more than one, the chief executive office of Borrower referred to in Section 2.01.I is 10714 South Jordan Gateway, Suite 300, South Jordan, Utah 84095.
13. The Issuance Fee for a Letter of Credit referred to in Section 3.09 is one hundred twenty five basis points (125/100 of 1%) of the aggregate amount of such Letter of Credit.
14. The special conditions of closing referred to in Section 4.01.H are as follows: None
15. The special conditions of credit extensions referred to in Section 4.02.D are as follows: None
16. The address for notices to Borrower referred to in Section 8.01 is: 10714 South Jordan Gateway, Suite 300, South Jordan, Utah 84095, Fax 801-619-6599

## EXHIBIT A FORM OF LETTER OF CREDIT

*This is an exhibit for discussion purposes only. It does not represent a liability of CFC at this time. Any letter of credit issued will be printed on CFC's letterhead.*

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER \_\_\_\_\_

**Date:**

**Amount:** \_\_\_\_\_ Dollars (\$ \_\_\_\_\_)

**Expiration Date:**

**Beneficiary Name and Address:**

**Name of Applicant:**

**Issuer:**      **National Rural Utilities Cooperative Finance Corporation**  
                   **20701 Cooperative Way**  
                   **Dulles, Virginia 20166**                      **Attention: LC Desk**

To the above-named Beneficiary:

At the request and for the account of the above-named Applicant, we hereby issue our Irrevocable Standby Letter of Credit No. \_\_\_\_\_ (the "Letter of Credit") in your favor up to the aggregate amount stated above.

We undertake to pay at sight the amount of each complying written demand presented at our office located at 20701 Cooperative Way, Dulles, VA 20166, attention LC Desk (or at any other office which may be designated by us by written notice delivered to you at your address stated above) on or before our close of business on the Expiration Date.

Each demand must be in the form of Annex 1 hereto appropriately completed, and notarized, and must be accompanied by this original Letter of Credit and all amendments thereto.

Partial and multiple drawings are permitted. Each such drawing that is paid by us shall reduce the amount available under this Letter of Credit. Payments under this Letter of Credit in an amount less than the maximum amount available hereunder shall be recorded by us on the reverse side hereof and this Letter of Credit shall then be returned to you.

This credit is subject to International Standby Practices (1998) I.C.C. Publication No. 590 ("ISP 98"). As to matters not governed by the ISP, this letter of credit is governed and construed in accordance with the laws of the Commonwealth of Virginia, including Article 5 of the Uniform Commercial Code as adopted thereby.

Communications with respect to this letter of credit shall be in writing and shall be addressed to us at the address referred to in the second paragraph above, and shall specifically refer to this Letter of Credit No. \_\_\_\_\_.

NATIONAL RURAL UTILITIES  
COOPERATIVE FINANCE CORPORATION

By: \_\_\_\_\_  
           Assistant Secretary-Treasurer

**ANNEX 1**  
**TO LETTER OF CREDIT NO. \_\_\_\_\_**

**[Beneficiary's Letterhead]**

National Rural Utilities Cooperative Finance Corporation  
 20701 Cooperative Way  
 Dulles, Virginia 20166

[DATE]

Attention: LC Desk

Re: Irrevocable Standby Letter of Credit No. \_\_\_\_\_, dated \_\_\_\_\_, issued by National Rural Utilities Cooperative Finance Corporation ("Letter of Credit")

The undersigned BENEFICIARY NAME, ("Beneficiary") demands at sight payment of \$\_\_\_\_\_ U.S. Dollars under the above Letter of Credit.

**NOTE:**

**The certification can be deleted, added to or otherwise revised to reflect whatever certification Applicant and/or Beneficiary want to use.**

The undersigned, an authorized officer of Beneficiary, hereby certifies on behalf of Beneficiary with reference to the Letter of Credit, that:

The amount claimed under this Letter of Credit is due and payable because payment is due to Beneficiary from APPLICANT NAME.

Honour of Beneficiary's complying demand may be effected by payment at sight by wire transfer to:

In witness whereof, Beneficiary makes this demand and has caused this certificate to be duly executed and delivered by its duly authorized officer as of the date and year written below.

BENEFICIARY NAME

By its undersigned authorized officer

[appropriate original signature]

[Typed/Printed Name]

[Title]

[Date Signed]

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

**PERSONALLY APPEARED BEFORE ME**, the undersigned notary public in and for the county and state aforesaid, the within named \_\_\_\_\_, who stated that he/she is the [TITLE] of [BENEFICIARY], and who acknowledged that he/she signed the above and foregoing instrument on the date shown below his/her title above, for the purposes therein stated, after having been first duly authorized so to act.

**GIVEN UNDER MY HAND AND OFFICIAL SEAL**, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
**NOTARY PUBLIC**

(Print Name) \_\_\_\_\_

**My Commission Expires:** \_\_\_\_\_



**EXHIBIT B**  
**FORM OF LETTER OF CREDIT REQUEST**

National Rural Utilities Cooperative Finance Corporation  
 20701 Cooperative Way  
 Dulles, VA 20166  
 Attn: \_\_\_\_\_

Re: National Rural Utilities Cooperative Finance Corporation ("CFC")  
 Revolving Line of Credit No. UT021-I-9033

Deseret Generation & Transmission Co-operative hereby requests CFC to issue a letter of credit under the above-referenced facility with the following terms:

Letter of Credit Amount:

Beneficiary Name and Address:

Letter of Credit Effective Date:

Expiry Date:

Conditions of Draw: (check one)      \_\_\_\_\_ Standard Form  
    \_\_\_\_\_ Other: (include description of requested terms)

Acting on behalf of Applicant, I hereby certify that as of the date below: (1) I am duly authorized to make this certification and to request a Letter of Credit on the terms specified herein; (2) the representations and warranties contained in the Revolving Line of Credit Agreement identified herein are true as of the date hereof with the same effect as though such representations and warranties had been made on such date; and (3) no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, has occurred and is continuing.

Please issue the letter of credit directly to the beneficiary, with a copy to the undersigned.

Very truly yours,

DESERET GENERATION & TRANSMISSION CO-OPERATIVE

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT C**  
**LETTER OF CREDIT AMENDMENT REQUEST**

National Rural Utilities Cooperative Finance Corporation  
 20701 Cooperative Way  
 Dulles, VA 20166  
 Attn: \_\_\_\_\_

Re: National Rural Utilities Cooperative Finance Corporation ("CFC")  
 Letter of Credit No. UT021-I-9033-\_\_\_\_\_

Deseret Generation & Transmission Co-operative hereby requests CFC to amend the letter of credit referenced above to:

(please mark appropriate choice and provide relevant information for the choice)

\_\_\_ Increase the Letter of Credit Amount to \$\_\_\_\_\_

\_\_\_ Decrease the Letter of Credit Amount to \$\_\_\_\_\_

\_\_\_ Extend the Expiry Date to \_\_\_\_\_

\_\_\_ Other (provide description of request below):

Acting on behalf of Applicant, I hereby certify that as of the date below: (1) I am duly authorized to make this certification and to request a Letter of Credit amendment on the terms specified herein; (2) the representations and warranties contained in the Revolving Line of Credit Agreement under which the Letter of Credit referenced herein was issued are true as of the date hereof with the same effect as though such representations and warranties had been made on such date; and (3) no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, has occurred and is continuing.

Please issue the amendment directly to the beneficiary, with a copy to the undersigned.

Very truly yours,

DESERET GENERATION & TRANSMISSION CO-OPERATIVE

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

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT "D"

TO THE

VERIFIED APPLICATION FOR APPROVAL TO  
ISSUE SECURITIES

REDACTED  
CONFIDENTIAL VERSION FILED WITH THE PSC

EXHIBIT “E”

TO THE

VERIFIED APPLICATION FOR APPROVAL TO  
ISSUE SECURITIES

## **JOINT AND SEVERAL GUARANTY**

For and in consideration of loans, advances, discounts, extensions of credit or other financial accommodations made or to be made by NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, a cooperative association organized and existing under the laws of the District of Columbia ("CFC"), to, for the account of, or on behalf of DESERET GENERATION & TRANSMISSION CO-OPERATIVE ("Borrower"), pursuant to a Fourth Amended and Restated Revolving Credit Agreement, designated by CFC Loan Number UT021-I-9033, among the Borrower, Blue Mountain Energy, Inc. and CFC, (as it may be supplemented, amended, consolidated or restated from time to time the "Credit Agreement"), each of the undersigned entities (each a "Guarantor") hereby absolutely and unconditionally, jointly and severally, guarantees to CFC payment in full of (i) the outstanding principal amount due from the Borrower to CFC, whether by acceleration or otherwise, under that certain Substitute Amended and Restated Secured Promissory Note from Borrower to CFC, as payee thereof, in original principal amount of Forty Million and 00/100 Dollars (\$40,000,000.00), executed pursuant to the Credit Agreement (as it may be supplemented, amended, consolidated or restated from time to time, the "Note"), (ii) all accrued interest thereon, (iii) all other costs, fees or expenses of CFC for which the Borrower is obligated thereon (including costs of collection and reasonable attorney's fees), and (iv) all other indebtedness of Borrower to CFC, whether now existing or hereafter created or arising, direct or indirect, matured or unmatured, and whether absolute or contingent and arising out of or in connection with the Credit Agreement. The obligations referred to in items (i) through (iv) above are collectively referred to herein as the "Guaranteed Debt".

The obligations of Guarantor hereunder are absolute and unconditional, and shall continue until payment in full to CFC of the Guaranteed Debt. No act by CFC to grant credit from time to time to Borrower, Guarantor or any other party, and no act or omission by CFC with respect to any matter whatsoever shall operate to release Guarantor from its obligations hereunder other than the execution and delivery by CFC to Guarantor of an express written release of this Guaranty.

If an event of default has occurred under the Credit Agreement and/or the Note and any applicable cure periods have expired, then CFC shall have the right to declare the Guaranteed Debt immediately due and payable in full, without notice to Borrower or Guarantor, regardless of whether CFC has accelerated all or any part of Borrower's indebtedness. Without limiting the generality of the foregoing, if the Borrower should at any time (i) become insolvent, (ii) make a general assignment for the benefit of creditors, (iii) petition for or be subject to a receivership proceeding, or (iv) be subject to a petition in bankruptcy or any insolvency or reorganization proceeding, whether voluntary or involuntary, then CFC shall have the right to declare the Guaranteed Debt immediately due and payable in full, without notice to Borrower or Guarantor, regardless of whether CFC has accelerated all or any part of Borrower's indebtedness, and CFC shall have the right to demand and to collect from Guarantor payment in full of the Guaranteed Debt, including all principal, interest, fees and charges, whether or not then due and payable by Borrower.

This Guaranty constitutes the joint and several obligation of each of the guarantors of the Guaranteed Debt, including Guarantor, and shall be fully binding upon and enforceable against any or all of such parties or persons. The release of any guarantor of the Guaranteed Debt shall not affect or release the joint and several liability of any other person or party. CFC may at its option enforce this Guaranty against one or more or all of the guarantors of the

Guaranteed Debt, provided CFC shall not be required to resort to enforcement against each and every of the guarantors of the Guaranteed Debt and the failure to proceed against or join each and every of the guarantors of the Guaranteed Debt shall not affect the joint and several liability of each of the guarantors of the Guaranteed Debt.

Guarantor agrees that Guarantor will not assert any right of contribution against any other guarantor of the Guaranteed Debt or the obligations related thereto until such time as all of the Guaranteed Debt has been paid in full to CFC and all of such obligations have been performed. Notwithstanding the foregoing, Guarantor waives all rights of subrogation and contribution in any bankruptcy or insolvency proceeding filed by or against Borrower or any other guarantor to the extent that the exercise of such rights would require CFC to return to the bankruptcy estate of Borrower or any other guarantor any payments received by CFC on account of the Guaranteed Debt or such obligations.

Guarantor expressly waives the following:

- a) notice that Borrower has incurred debt to or is in default to CFC;
- b) CFC's acceptance of this Guaranty;
- c) presentment, demand for payment, protest, notice of protest, notice of dishonor, notice of any election, acceptance, diligence in collection, notice of non-payment of any instrument evidencing any indebtedness of the Borrower, and to the extent permitted by law, all benefit of valuation, appraisal, exemptions and any and all other notices that would otherwise be required under the laws of the Commonwealth of Virginia;
- d) any right to require CFC to institute and prosecute with due diligence to judgment and by execution suit against the Borrower, another guarantor or any other person on the underlying debt of the Borrower or for performance of the Borrower or any other guarantor under any agreement with CFC;
- e) any right to require suit against the Borrower, another guarantor or any other person before enforcing this Guaranty, and with respect thereto, Guarantor specifically agrees that any proceeding for collection under this Guaranty may be brought against Guarantor before, after or simultaneously with any proceeding that may be brought against Borrower, another guarantor, or any other party for nonpayment of any indebtedness to CFC, notwithstanding any notices or demands to the contrary that Guarantor may transmit to CFC;
- f) any right to have security applied before enforcing this Guaranty;
- g) until the Borrower's indebtedness to CFC is paid in full, any right of subrogation to CFC's rights against the Borrower;
- h) any right or remedy which Guarantor may now have or may hereafter acquire against the Borrower that would otherwise act to release Guarantor hereunder, including but not limited to any right of contribution, indemnification, subrogation, reimbursement, exoneration or participation, regardless of whether such right or remedy arises under equity, contract, in common law or otherwise; and

i) any rights of setoff, deduction, recoupment or counterclaim against CFC.

Guarantor hereby agrees that, without notice of any kind to Guarantor and without altering the absolute and unconditional obligation of Guarantor hereunder, CFC may renew time of payment, extend time of payment, surrender, release, exchange, substitute, deal with or take additional collateral security, take or release other guarantees, abstain from taking advantage of or realizing upon any collateral security or other guarantees, discharge, compromise, release or settle any or all of Borrower's indebtedness to CFC (regardless of whether such indebtedness is part of the Guaranteed Debt), extend, grant indulgences, forbear against or otherwise modify any term, provision, covenant, obligation or condition with respect to any or all of the Borrower's indebtedness to CFC (regardless of whether such indebtedness is part of the Guaranteed Debt).

If Borrower shall be in default under the Credit Agreement, then the Guaranteed Debt shall, for the purpose of this Guaranty, be deemed at CFC's election to have become immediately due and payable.

In the event Guarantor fails to pay its obligations hereunder in full upon demand, then CFC is hereby authorized at any time and from time to time, without prior notice to Guarantor, to exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to Guarantor or for the credit or account of Guarantor against any and all of the obligations of Guarantor hereunder. CFC agrees to notify Guarantor promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. The rights of CFC under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which CFC may have. Nothing herein shall limit the right of CFC to pursue all rights and remedies available to a creditor. Each right, power and remedy of CFC shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

Guarantor further agrees to pay to CFC, in addition to payment of the Guaranteed Debt, any and all costs, expenses and reasonable attorneys' fees paid or incurred by CFC in collecting or endeavoring to collect the Guaranteed Debt from Guarantor, regardless of whether suit is brought.

Guarantor represents and warrants that, during the term of this Guaranty, (i) the aggregate amount of obligations guaranteed hereunder shall not exceed the maximum amount allowed under a mortgage, indenture, or agreement of any kind entered into by or affecting Guarantor, and (ii) Guarantor will not, without the written consent of CFC, make any loan, deposit, advance, investment or obligation which would cause the total aggregate indebtedness guaranteed hereunder to exceed said maximum allowable amount.

This Guaranty shall be binding upon Guarantor and its successors and assigns, and shall inure to the benefit of CFC and its successors and assigns. The terms "Guarantor" and "Borrower" and any pronouns referring thereto as used herein shall be construed in the singular or plural as the context may require.

THE PERFORMANCE AND CONSTRUCTION OF THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

GUARANTOR HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY. GUARANTOR IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

EACH OF GUARANTOR AND CFC HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY.

No modification or waiver of any provision of this Guaranty shall in any event be effective unless the same shall be in writing signed by CFC.

If any term, provision or condition, or any part thereof, of this Guaranty shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Guaranty shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

This Guaranty may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Guaranty to physically form one document.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**



IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

MT. WHEELER POWER, INC.

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

GARKANE ENERGY COOPERATIVE, INC.

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

MOON LAKE ELECTRIC ASSOCIATION, INC.

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

FLOWELL ELECTRIC ASSOCIATION, INC.

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

DIXIE-ESCALANTE RURAL ELECTRIC  
ASSOCIATION, INC.

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BRIDGER VALLEY ELECTRIC ASSOCIATION,  
INC.

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT “F”

TO THE

VERIFIED APPLICATION FOR APPROVAL TO  
ISSUE SECURITIES

## JOINT AND SEVERAL GUARANTY

For and in consideration of loans, advances, discounts, extensions of credit or other financial accommodations made or to be made by NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, a cooperative association organized and existing under the laws of the District of Columbia ("CFC"), to, for the account of, or on behalf of DESERET GENERATION & TRANSMISSION CO-OPERATIVE ("Deseret"), pursuant to a Secured Promissory Note from Deseret to CFC, as payee thereof, in the original principal amount of Ten Million and 00/100 Dollars (\$10,000,000.00) (as it may be supplemented, amended, consolidated or restated from time to time, the "Note"), each of the undersigned entities (each a "Guarantor") hereby absolutely and unconditionally, jointly and severally, guarantees to CFC payment in full of (i) the outstanding principal amount due from the Deseret to CFC, whether by acceleration or otherwise, under the Note, (ii) all accrued interest thereon, if any, (iii) all other costs, fees or expenses of CFC for which the Deseret is obligated thereon (including costs of collection and reasonable attorney's fees), and (iv) all other indebtedness of Deseret to CFC, whether now existing or hereafter created or arising, direct or indirect, matured or unmatured, and whether absolute or contingent and arising out of or in connection with the Note. The obligations referred to in items (i) through (iv) above are collectively referred to herein as the "Guaranteed Debt".

The obligations of Guarantor hereunder are absolute and unconditional, and shall continue until payment in full to CFC of the Guaranteed Debt. No act by CFC to grant credit from time to time to Deseret, Guarantor or any other party, and no act or omission by CFC with respect to any matter whatsoever shall operate to release Guarantor from its obligations hereunder other than the execution and delivery by CFC to Guarantor of an express written release of this Guaranty.

If an event of default has occurred under the Note and any applicable cure periods have expired, then CFC shall have the right to declare the Guaranteed Debt immediately due and payable in full, without notice to Deseret or Guarantor, regardless of whether CFC has accelerated all or any part of Deseret's indebtedness. Without limiting the generality of the foregoing, if the Deseret should at any time (i) become insolvent, (ii) make a general assignment for the benefit of creditors, (iii) petition for or be subject to a receivership proceeding, or (iv) be subject to a petition in bankruptcy or any insolvency or reorganization proceeding, whether voluntary or involuntary, then CFC shall have the right to declare the Guaranteed Debt immediately due and payable in full, without notice to Deseret or Guarantor, regardless of whether CFC has accelerated all or any part of Deseret's indebtedness, and CFC shall have the right to demand and to collect from Guarantor payment in full of the Guaranteed Debt, including all principal, interest, fees and charges, whether or not then due and payable by Deseret.

This Guaranty constitutes the joint and several obligation of each of the guarantors of the Guaranteed Debt, including Guarantor, and shall be fully binding upon and enforceable against any or all of such parties or persons. The release of any guarantor of the Guaranteed Debt shall not affect or release the joint and several liability of any other person or party. CFC may at its option enforce this Guaranty against one or more or all of the guarantors of the Guaranteed Debt, provided CFC shall not be required to resort to enforcement against each and every of the guarantors of the Guaranteed Debt and the failure to proceed against or join each and every of the guarantors of the Guaranteed Debt shall not affect the joint and several liability of each of the guarantors of the Guaranteed Debt.



Guarantor agrees that Guarantor will not assert any right of contribution against any other guarantor of the Guaranteed Debt or the obligations related thereto until such time as all of the Guaranteed Debt has been paid in full to CFC and all of such obligations have been performed. Notwithstanding the foregoing, Guarantor waives all rights of subrogation and contribution in any bankruptcy or insolvency proceeding filed by or against Deseret or any other guarantor to the extent that the exercise of such rights would require CFC to return to the bankruptcy estate of Deseret or any other guarantor any payments received by CFC on account of the Guaranteed Debt or such obligations.

Guarantor expressly waives the following:

- a) notice that Deseret has incurred debt to or is in default to CFC;
- b) CFC's acceptance of this Guaranty;
- c) presentment, demand for payment, protest, notice of protest, notice of dishonor, notice of any election, acceptance, diligence in collection, notice of non-payment of any instrument evidencing any indebtedness of the Deseret, and to the extent permitted by law, all benefit of valuation, appraisal, exemptions and any and all other notices that would otherwise be required under the laws of the Commonwealth of Virginia;
- d) any right to require CFC to institute and prosecute with due diligence to judgment and by execution suit against the Deseret, another guarantor or any other person on the underlying debt of the Deseret or for performance of the Deseret or any other guarantor under any agreement with CFC;
- e) any right to require suit against the Deseret, another guarantor or any other person before enforcing this Guaranty, and with respect thereto, Guarantor specifically agrees that any proceeding for collection under this Guaranty may be brought against Guarantor before, after or simultaneously with any proceeding that may be brought against Deseret, another guarantor, or any other party for nonpayment of any indebtedness to CFC, notwithstanding any notices or demands to the contrary that Guarantor may transmit to CFC;
- f) any right to have security applied before enforcing this Guaranty;
- g) until the Deseret's indebtedness to CFC is paid in full, any right of subrogation to CFC's rights against the Deseret;
- h) any right or remedy which Guarantor may now have or may hereafter acquire against the Deseret that would otherwise act to release Guarantor hereunder, including but not limited to any right of contribution, indemnification, subrogation, reimbursement, exoneration or participation, regardless of whether such right or remedy arises under equity, contract, in common law or otherwise; and
- i) any rights of setoff, deduction, recoupment or counterclaim against CFC.

Guarantor hereby agrees that, without notice of any kind to Guarantor and without altering the absolute and unconditional obligation of Guarantor hereunder, CFC may renew time of payment, extend time of payment, surrender, release, exchange, substitute, deal with or take

additional collateral security, take or release other guarantees, abstain from taking advantage of or realizing upon any collateral security or other guarantees, discharge, compromise, release or settle any or all of Deseret's indebtedness to CFC (regardless of whether such indebtedness is part of the Guaranteed Debt), extend, grant indulgences, forbear against or otherwise modify any term, provision, covenant, obligation or condition with respect to any or all of the Deseret's indebtedness to CFC (regardless of whether such indebtedness is part of the Guaranteed Debt).

If Deseret shall be in default under the Note and any applicable cure periods have expired, then the Guaranteed Debt shall, for the purpose of this Guaranty, be deemed at CFC's election to have become immediately due and payable.

In the event Guarantor fails to pay its obligations hereunder in full upon demand, then CFC is hereby authorized at any time and from time to time, without prior notice to Guarantor, to exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to Guarantor or for the credit or account of Guarantor against any and all of the obligations of Guarantor hereunder. CFC agrees to notify Guarantor promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. The rights of CFC under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which CFC may have. Nothing herein shall limit the right of CFC to pursue all rights and remedies available to a creditor. Each right, power and remedy of CFC shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

Guarantor further agrees to pay to CFC, in addition to payment of the Guaranteed Debt, any and all costs, expenses and reasonable attorneys' fees paid or incurred by CFC in collecting or endeavoring to collect the Guaranteed Debt from Guarantor, regardless of whether suit is brought.

Guarantor represents and warrants that, during the term of this Guaranty, (i) the aggregate amount of obligations guaranteed hereunder shall not exceed the maximum amount allowed under a mortgage, indenture, or agreement of any kind entered into by or affecting Guarantor, and (ii) Guarantor will not, without the written consent of CFC, make any loan, deposit, advance, investment or obligation which would cause the total aggregate indebtedness guaranteed hereunder to exceed said maximum allowable amount.

This Guaranty shall be binding upon Guarantor and its successors and assigns, and shall inure to the benefit of CFC and its successors and assigns. The terms "Guarantor" and "Deseret" and any pronouns referring thereto as used herein shall be construed in the singular or plural as the context may require.

THE PERFORMANCE AND CONSTRUCTION OF THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

GUARANTOR HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY.

GUARANTOR IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

EACH OF GUARANTOR AND CFC HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY.

No modification or waiver of any provision of this Guaranty shall in any event be effective unless the same shall be in writing signed by CFC.

If any term, provision or condition, or any part thereof, of this Guaranty shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Guaranty shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

This Guaranty may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Guaranty to physically form one document.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

MT. WHEELER POWER, INC.

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

GARKANE ENERGY COOPERATIVE, INC.

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

MOON LAKE ELECTRIC ASSOCIATION, INC.

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

FLOWELL ELECTRIC ASSOCIATION, INC.

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

DIXIE-ESCALANTE RURAL ELECTRIC  
ASSOCIATION, INC.

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_



IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BRIDGER VALLEY ELECTRIC ASSOCIATION,  
INC.

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT "G"

TO THE

VERIFIED APPLICATION FOR APPROVAL TO  
ISSUE SECURITIES

## GUARANTORS'S CERTIFICATE OF RESOLUTIONS AND INCUMBANCY

I, Ruth Rees, do hereby certify that (i) I am the Secretary of Bridger Valley Electric Association, Inc. (hereinafter called the "Guarantor"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Guarantor at a meeting held on June 12, 2018; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Guarantor; (iv) the Guarantor is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business dissolution of the Guarantor; (v) the form of guaranty was submitted to the meeting and was authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the Guaranty:

RESOLVED, that the Guarantor guarantee amounts outstanding under a promissory note in the aggregate principal amount of \$10,000,000.00 from DESERET GENERATION & TRANSMISSION CO-OPERATIVE to National Rural Utilities Cooperative Finance Corporation ("CFC") upon terms and conditions set forth therein.

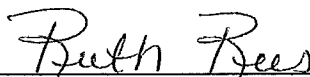
RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver the Guarantee to CFC.

RESOLVED, that the following officers of the Guarantor be, and each of them is, authorized in the name and on behalf of the Guarantor, to execute and deliver all other such instruments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office</u>	<u>Name (typed)</u>
CEO	Jud Redden

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Guarantor this 12<sup>th</sup> day of June, 2018.

(SEAL)



Ruth Rees, Secretary

## GUARANTOR'S CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Robyn Serrage, do hereby certify that (i) I am the Secretary of Dixie-Escalante Rural Electric Association, Inc. (hereinafter called the "Guarantor"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Guarantor at a meeting held on June 5, 2011; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Guarantor; (iv) the Guarantor is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Guarantor; (v) the form of guaranty was submitted to the meeting and was authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the Guaranty:

RESOLVED, that the Guarantor guarantee amounts outstanding under a promissory note in the aggregate principal amount of \$10,000,000.00 from DESERET GENERATION & TRANSMISSION CO-OPERATIVE to National Rural Utilities Cooperative Finance Corporation ("CFC") upon terms and conditions set forth in the Joint and Several Guaranty substantially in the form of the guaranty submitted to this meeting ("Guaranty").

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver the Guaranty to CFC.

RESOLVED, that the following officers of the Guarantor be, and each of them is, authorized in the name and on behalf of the Guarantor, to execute and deliver all other such instruments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

Name (typed)

LaDeL Laub

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Guarantor this 5 day of June, 2018

and affixed the seal of the Guarantor this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Robert L. Swago  
Secretary

(SEAL)

## GUARANTOR'S CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Mark Anderson, do hereby certify that (i) I am the Secretary of Flowell Electric Association, Inc. (hereinafter called the "Guarantor"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Guarantor at a meeting held on June 11, 2018; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Guarantor; (iv) the Guarantor is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Guarantor; (v) the form of guaranty was submitted to the meeting and was authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the Guaranty:

RESOLVED, that the Guarantor guarantee amounts outstanding under a promissory note in the aggregate principal amount of \$10,000,000.00 from DESERET GENERATION & TRANSMISSION CO-OPERATIVE to National Rural Utilities Cooperative Finance Corporation ("CFC") upon terms and conditions set forth in the Joint and Several Guaranty substantially in the form of the guaranty submitted to this meeting ("Guaranty").

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver the Guaranty to CFC.

RESOLVED, that the following officers of the Guarantor be, and each of them is, authorized in the name and on behalf of the Guarantor, to execute and deliver all other such instruments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office</u>	<u>Name (typed)</u>
<u>CEO</u>	<u>Durand Robison</u>
<u>                    </u>	<u>                                    </u>
<u>                    </u>	<u>                                    </u>
<u>                    </u>	<u>                                    </u>
<u>                    </u>	<u>                                    </u>

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Guarantor this 11<sup>th</sup> day of June, 2018

Mark Anderson  
Secretary

(SEAL)

## GUARANTOR'S CERTIFICATE OF RESOLUTIONS AND INCUMBENCY



I, Paul Tansik, do hereby certify that (i) I am the Secretary of Moon Lake Electric Association, Inc. (hereinafter called the "Guarantor"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Guarantor at a meeting held on June 14, 2018; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Guarantor; (iv) the Guarantor is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Guarantor; (v) the form of guaranty was submitted to the meeting and was authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the Guaranty:


RESOLVED, that the Guarantor guarantee amounts outstanding under a promissory note in the aggregate principal amount of \$10,000,000.00 from DESERET GENERATION & TRANSMISSION CO-OPERATIVE to National Rural Utilities Cooperative Finance Corporation ("CFC") upon terms and conditions set forth in the Joint and Several Guaranty substantially in the form of the guaranty submitted to this meeting ("Guaranty").

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver the Guaranty to CFC.

RESOLVED, that the following officers of the Guarantor be, and each of them is, authorized in the name and on behalf of the Guarantor, to execute and deliver all other such instruments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office</u>	<u>Name (typed)</u>
General Mgr/Ceo	GRANT J. EARL

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Guarantor this 14<sup>th</sup> day of June, 2018  

  
Secretary

(SEAL)

## GUARANTOR'S CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Nanell Robinson, do hereby certify that (i) I am the Secretary of Garkane Energy Cooperative, Inc. (hereinafter called the "Guarantor"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Guarantor at a meeting held on June 25, 2018; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Guarantor; (iv) the Guarantor is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Guarantor; (v) the form of guaranty was submitted to the meeting and was authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the Guaranty:

RESOLVED, that the Guarantor guarantee amounts outstanding under a promissory note in the aggregate principal amount of \$10,000,000.00 from DESERET GENERATION & TRANSMISSION CO-OPERATIVE to National Rural Utilities Cooperative Finance Corporation ("CFC") upon terms and conditions set forth in the Joint and Several Guaranty substantially in the form of the guaranty submitted to this meeting ("Guaranty").

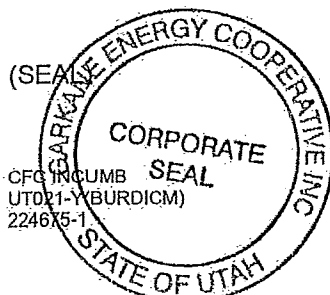
RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver the Guaranty to CFC.

RESOLVED, that the following officers of the Guarantor be, and each of them is, authorized in the name and on behalf of the Guarantor, to execute and deliver all other such instruments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office</u>	<u>Name (typed)</u>
<u>President</u>	<u>Carl Boyd Jr.</u>
<u>Vice-President</u>	<u>Tracy Potter</u>
<u>CEO</u>	<u>Daniel McClendon</u>
<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Guarantor this 25<sup>th</sup> day of June, 2018

Nanell Robinson  
Secretary



## GUARANTOR'S CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Ron Miller, do hereby certify that (i) I am the Secretary of Mt. Wheeler Power, Inc. (hereinafter called the "Cooperative" or "Guarantor"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Guarantor at a meeting held on June 26, 2018; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Guarantor; (iv) the Guarantor is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Guarantor; (v) the form of guaranty was submitted to the meeting and was authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the Guaranty:

RESOLVED, that the Guarantor guarantee amounts outstanding under a promissory note in the aggregate principal amount of \$10,000,000.00 from DESERET GENERATION & TRANSMISSION CO-OPEARTIVE to National Rural Utilities Cooperative Finance Corporation ("CFC") upon terms and conditions set forth in the Joint and Several Guaranty substantially in the form of the guaranty submitted to this meeting ("Guaranty").

RESOLVED, that upon receipt from CFC of adequate and acceptable assurance concerning the Cooperative's continued access to financing under existing credit agreements with CFC and other matters related to the guaranty, the individuals listed below are hereby authorized to execute and to deliver the Guaranty to CFC.

RESOLVED, that the following officers of the Guarantor be, and each of them is, authorized in the name and on behalf of the Guarantor, to execute and deliver all other such instruments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the forgoing resolutions:

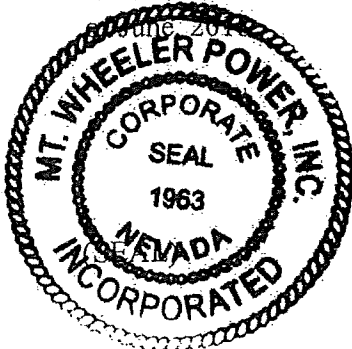
Office


NAME (typed)

Chief Executive Officer/  
General Manager

Kevin Robison

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Guarantor this 28th day



  
\_\_\_\_\_  
Ron Miller, Secretary



## GUARANTORS'S CERTIFICATE OF RESOLUTIONS AND INCUMBANCY

I, Ruth Rees, do hereby certify that (i) I am the Secretary of Bridger Valley Electric Association, Inc. (hereinafter called the "Guarantor"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Guarantor at a meeting held on June 12, 2018; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Guarantor; (iv) the Guarantor is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business dissolution of the Guarantor; (v) the form of guaranty was submitted to the meeting and was authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the Guaranty:

RESOLVED, that the Guarantor guarantee amounts outstanding under a credit agreement in the aggregate principal amount of \$40,000,000.00 obtained by DESERET GENERATION & TRANSMISSION CO-OPERATIVE from the National Rural Utilities Cooperative Finance Corporation ("CFC") upon terms and conditions set forth therein.


RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC a Joint and Several Guaranty substantially in the form of the guaranty submitted to this meeting.

RESOLVED, that the following officers of the Guarantor be, and each of them is, authorized in the name and on behalf of the Guarantor, to execute and deliver all other such instruments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office</u>	<u>Name (typed)</u>
CEO	Jud Redden

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Guarantor this 12<sup>th</sup> day of June, 2018.

(SEAL)



Ruth Rees, Secretary

**GUARANTOR'S CERTIFICATE OF RESOLUTIONS AND INCUMBENCY**

I, Robyn Serage, do hereby certify that (i) I am the Secretary of Dixie-Escalante Rural Electric Association, Inc. (hereinafter called the "Guarantor"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Guarantor at a meeting held on June 6, 2018; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Guarantor; (iv) the Guarantor is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Guarantor; (v) the form of guaranty was submitted to the meeting and was authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the Guaranty:

RESOLVED, that the Guarantor guarantee amounts outstanding under a credit agreement in the aggregate principal amount of \$40,000,000.00 obtained by DESERET GENERATION & TRANSMISSION CO-OPERATIVE from the National Rural Utilities Cooperative Finance Corporation ("CFC") upon terms and conditions set forth therein.

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC a Joint and Several Guaranty substantially in the form of the guaranty submitted to this meeting.

RESOLVED, that the following officers of the Guarantor be, and each of them is, authorized in the name and on behalf of the Guarantor, to execute and deliver all other such instruments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office</u>	<u>Name (typed)</u>
<u>CEO</u>	<u>La Del Lamb</u>
_____	_____
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Guarantor this  
5 day of June, 2018

(SEAL)

Robyn Serage  
Secretary

GUARANTOR'S CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Mark Anderson, do hereby certify that (i) I am the Secretary of Flowell Electric Association, Inc. (hereinafter called the "Guarantor"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Guarantor at a meeting held on June 11, 2018; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Guarantor; (iv) the Guarantor is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Guarantor; (v) the form of guaranty was submitted to the meeting and was authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the Guaranty:

RESOLVED, that the Guarantor guarantee amounts outstanding under a credit agreement in the aggregate principal amount of \$40,000,000.00 obtained by DESERET GENERATION & TRANSMISSION CO-OPERATIVE from the National Rural Utilities Cooperative Finance Corporation ("CFC") upon terms and conditions set forth therein.

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC a Joint and Several Guaranty substantially in the form of the guaranty submitted to this meeting.

RESOLVED, that the following officers of the Guarantor be, and each of them is, authorized in the name and on behalf of the Guarantor, to execute and deliver all other such instruments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office</u>	<u>Name (typed)</u>
<u>CEO</u>	<u>Durand Robison</u>
_____	_____
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Guarantor this 11<sup>th</sup> day of June, 2018

Mark Anderson  
Secretary

(SEAL)

**GUARANTOR'S CERTIFICATE OF RESOLUTIONS AND INCUMBENCY**

I, Paul Tanner, do hereby certify that (i) I am the Secretary of Moon Lake Electric Association, Inc. (hereinafter called the "Guarantor"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Guarantor at a meeting held on June 14, 2018; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Guarantor; (iv) the Guarantor is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Guarantor; (v) the form of guaranty was submitted to the meeting and was authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the Guaranty:

RESOLVED, that the Guarantor guarantee amounts outstanding under a credit agreement in the aggregate principal amount of \$40,000,000.00 obtained by DESERET GENERATION & TRANSMISSION CO-OPERATIVE from the National Rural Utilities Cooperative Finance Corporation ("CFC") upon terms and conditions set forth therein.

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC a Joint and Several Guaranty substantially in the form of the guaranty submitted to this meeting.

RESOLVED, that the following officers of the Guarantor be, and each of them is, authorized in the name and on behalf of the Guarantor, to execute and deliver all other such instruments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office</u>	<u>Name (typed)</u>
<u>General Manager/CEO</u>	<u>Grant J. Ebel</u>
_____	_____
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Guarantor this 14<sup>th</sup> day of June, 2018

  
Secretary

(SEAL)

## GUARANTOR'S CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Nanell Robinson, do hereby certify that (i) I am the Secretary of Garkane Energy Cooperative, Inc. (hereinafter called the "Guarantor"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Guarantor at a meeting held on June 25, 2018; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Guarantor; (iv) the Guarantor is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Guarantor; (v) the form of guaranty was submitted to the meeting and was authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the Guaranty:

RESOLVED, that the Guarantor guarantee amounts outstanding under a credit agreement in the aggregate principal amount of \$40,000,000.00 obtained by DESERET GENERATION & TRANSMISSION CO-OPERATIVE from the National Rural Utilities Cooperative Finance Corporation ("CFC") upon terms and conditions set forth therein.

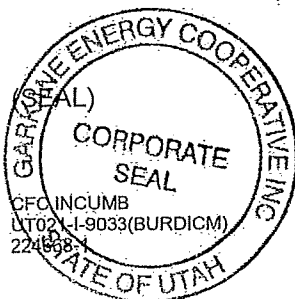
RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC a Joint and Several Guaranty substantially in the form of the guaranty submitted to this meeting.

RESOLVED, that the following officers of the Guarantor be, and each of them is, authorized in the name and on behalf of the Guarantor, to execute and deliver all other such instruments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office</u>	<u>Name (typed)</u>
<u>President</u>	<u>Carl Boyd Jr.</u>
<u>Vice-President</u>	<u>Tracy Potter</u>
<u>CEO</u>	<u>Daniel McClendon</u>
<u>                    </u>	<u>                                    </u>
<u>                    </u>	<u>                                    </u>

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Guarantor this 25<sup>th</sup> day of June, 2018

Nanell Robinson  
Secretary



## GUARANTOR'S CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Ron Miller, do hereby certify that (i) I am the Secretary of Mt. Wheeler Power, Inc. (hereinafter called the "Cooperative" or "Guarantor"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Guarantor at a meeting held on June 26, 2018; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of Guarantor; (iv) the Guarantor is duly incorporated, validly existing and in good standing under the laws of the State of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Guarantor; (v) the form of guaranty was submitted to the meeting and was authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the Guaranty:

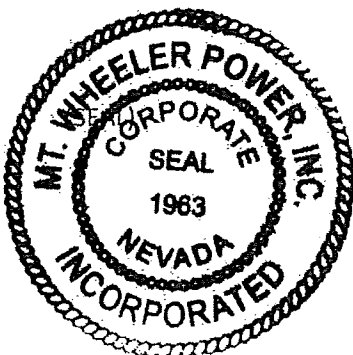
RESOLVED, that the Guarantor guarantee amounts outstanding under a credit agreement in the aggregate principal amount of \$40,000,000.00 by DESERET GENERATION & TRANSMISSION CO-OPERATIVE from the National Rural Utilities Cooperative Finance Corporation ("CFC") upon terms and conditions set forth therein.

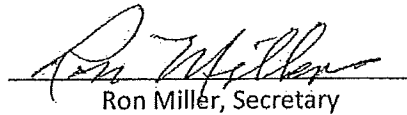
RESOLVED, that upon receipt from CFC of adequate and acceptable assurance concerning the Cooperative's continued access to financing under existing credit agreements with CFC and other matters related to the guaranty, the individual(s) listed below are hereby authorized to execute and to deliver to CFC a Joint and Several Guaranty substantially in the form of the guaranty submitted to this meeting.

RESOLVED, that the following officer(s) of the Guarantor be, and each of them is, authorized in the name and on behalf of Guarantor, to execute and deliver all other such instruments and do all such other acts as in the opinion of the officer or officers so acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office</u>	<u>Name</u>
Chief Executive Officer/General Manager	Kevin Robison

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Guarantor this 28<sup>th</sup> day of June, 2018.



  
Ron Miller, Secretary