

**INTERLOCAL COOPERATION AGREEMENT CREATING THE
KENTUCKY MUNICIPAL ENERGY AGENCY**

WHEREAS, municipal electric systems in the Commonwealth of Kentucky are faced with an ongoing challenge of assuring that the demand for electric power and energy to serve their residents and businesses will be met with a reasonable balance between the need for new facilities and new energy sources, the availability of supply from existing resources, the cost and efficient operation of such facilities and energy sources, and the desire and need for cleaner sources of energy and conservation in the use of energy; and

WHEREAS, municipal electric systems in the Commonwealth of Kentucky must secure reliable, cost effective, and environmentally responsible energy sources or more effective uses of energy sources to supply the demands of their residents and businesses; and

WHEREAS, mutual advantage may be obtained from the coordinated planning, permitting, acquisition, construction and operation of new and existing facilities, and from joint purchases, sales and exchanges of electric power and related sources; and

WHEREAS, additional mutual advantage may be obtained from the coordinated planning, permitting, acquiring, constructing and operating of certain joint electric power supply projects and any and all facilities, including all equipment, structures, machinery, and tangible and intangible property, real and personal, for the generation or transmission of electrical energy, including any fuel supply or source useful for such projects; and

WHEREAS, pursuant to Sections 65.210 to 65.300 of the Kentucky Revised Statutes, as amended, known as the "Interlocal Cooperation Act" (the "Act"), public agencies are authorized and empowered to join with each other to make the most efficient use of their powers by enabling them to cooperate on a basis of mutual advantage; and

WHEREAS, the undersigned parties operate municipal electric systems; and

WHEREAS, in addition and supplemental to their other powers, the parties hereto are authorized and empowered to join with each other, and with other public agencies, to enter into an interlocal cooperation agreement creating a joint public agency for the purposes of coordinating the scheduling and dispatching of generating assets and contractual power supplies to meet their joint electrical demands and optimizing their power supply portfolios, financing, acquiring, permitting, constructing, managing, operating, transmitting the output of, purchasing, utilizing and owning electric power supply projects or resources; and

WHEREAS, in the implementation of the Act, the undersigned parties may create an organization, association or other legal entity for the accomplishment of the purposes thereof; and

WHEREAS, in addition and supplemental to their other powers, the undersigned parties, pursuant to the Act, are authorized and empowered to cooperate with each other on a basis of mutual advantage and thereby to provide resources, services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, demographic, and other factors influencing the needs and development of local communities; and

WHEREAS, mutual advantage can be obtained from the implementation of pooled financing or borrowing for power projects, demand side resources or conservation programs, pooled purchasing of electric capacity and energy, pooled provision of energy scheduling dispatch, pooled resource planning and pooled financing to meet other needs of the Members (hereinafter defined) of the Kentucky Municipal Energy Agency created hereby, including financing alternatives and flexibility that might not otherwise be available to them individually;

NOW, THEREFORE, this Interlocal Cooperation Agreement (the "Agreement") is entered into pursuant to the Act, and such other statutes, ordinances, resolutions and charters as may from time to time be applicable:

ARTICLE I ESTABLISHMENT OF JOINT PUBLIC AGENCY

Section 1. Establishment of Joint Public Agency. A joint agency, constituting a legal public entity with the purposes and powers hereinafter set forth, is hereby created under the authority of the Act, to be known as the Kentucky Municipal Energy Agency (hereinafter referred to as the "Agency"). The undersigned parties and any other public agencies added as parties to this Agreement in accordance with Section 8 of Article VI hereof shall be known as the "Members" of the Agency.

Section 2. Location. The principal office of the Agency in Kentucky initially shall be located in Louisville, Kentucky. The Board of Directors of the Agency may change the location of the principal office in Kentucky and/or establish such other offices either within or without the Commonwealth of Kentucky as it deems appropriate.

Section 3. Seal. The Board of Directors may adopt a seal of the Agency and shall have the authority to change or alter such seal.

Section 4. Fiscal Year. The fiscal year of the Agency shall end June 30.

ARTICLE II PURPOSES AND POWERS OF THE AGENCY; AGENCY PROJECTS

Section 1. Purposes of the Agency. The Agency is formed to allow the Members to effectively collaborate to do all things necessary or convenient to serve the current and future

electric power and energy requirements of the Members and to otherwise provide assistance to the Members related to their electric power and energy utility systems.

Section 2. Powers of the Agency. In order to carry out the purposes of the Agency set forth herein, the Agency shall have the following powers:

(a) to plan, finance, acquire, construct, purchase, manage, operate, transmit the output of, maintain, use, share the cost of, own, lease, sell or dispose of any electric power supply project or projects and any and all facilities, including all equipment, structures, machinery, and tangible and intangible property, real and personal, for the generation or transmission of electrical energy, or both, including any fuel supply or source or acquisition of fuel or facilities for the production, transportation, handling, utilization and storage of fuel, either by itself or with other electric utilities or groups of utilities, within or without the Commonwealth of Kentucky;

(b) to investigate the desirability of and necessity for additional sources and supplies of electrical energy and fuel of any kind for such purposes and transmission facilities therefor, and conduct studies, surveys and analyses as may be necessary to determine the feasibility and cost thereof;

(c) to cooperate with other persons or other entities, public or private, in the development of sources and supplies of electrical energy and fuel of any kind for such purposes and transmission facilities therefor, and give assistance, financial or otherwise, in any such development;

(d) to apply to any person or other entity, public or private, for consents, permits, authorizations or approvals required for any project undertaken in accordance with this Agreement and take all actions necessary to comply with the conditions thereof;

(e) to acquire, hold, use, and dispose of income, revenues, funds and money;

(f) to exercise all powers in connection with the authorization, issuance and sale of bonds and bond anticipation notes as are conferred by the Act, and by such other applicable statutes as may presently exist or hereafter be adopted;

(g) to invest money of the Agency not required for immediate use, including proceeds from the sale of any bonds, in such obligations, securities, and other investments as authorized by applicable law and any applicable provisions of any bond resolution or other instruments governing the fund or funds in which such money is deposited;

(h) to exercise the power of eminent domain;

(i) to enter into, on its own behalf or as agent for any one or more of its Members, any contract or agreement necessary, appropriate or incidental to the effectuation of its lawful purposes and the exercise of the powers granted herein, including, without limitation, contracts or agreements for the purchase, sale, tolling, exchange, interchange, wheeling, pooling, transmission, distribution or storage of electrical capacity, energy, and other related attributes from any source, and fuel or any rights thereto of any kind for any such purposes, within and without the Commonwealth of Kentucky, in such amounts as it shall determine to be necessary and appropriate to make the most effective use of its powers and to meet its responsibilities and with such persons or other entities, public or private, on such terms and for such period of time as its Board of Directors or Executive Committee determines; provided, however, that the Agency shall not sell, transfer or distribute any electrical power, capacity, energy or related attributes except on a wholesale basis;

(j) to plan, finance, acquire, engineer, design, construct, purchase, operate, maintain, use, share the cost of, own, lease, sell or dispose of any communication, information services, fiber optic and/or telecommunications services project or projects as may be permitted by applicable law and any and all facilities, including all equipment, structures, machinery, and tangible and intangible property, real and personal, convenient or necessary for any such project or projects, whether within or without the Commonwealth of Kentucky;

(k) to make and enter into contracts in its own name, to employ agents or employees, to acquire, construct, lease, rent, manage, maintain or operate buildings, plants, fuel supplies, works or improvements and to acquire, hold or dispose of property;

(l) to incur debts, liabilities, or obligations, including but not limited to bank or governmental loans, which do not constitute debts, liabilities or obligations of the Members;

(m) to sue and be sued;

(n) to exercise any power, privilege or authority which is necessary or desirable to further the purposes of the Agency and which the Members might exercise in their individual capacities;

(o) to exercise any other power or powers conferred presently or in the future under the laws of Kentucky, as are in furtherance of the purposes of the Agency;

(p) to establish, operate and manage a pooled purchasing, financing or loan project or projects for utilization by the Agency or one or more of its Members;

(q) to procure insurance from such insurers as it deems desirable, to establish self-insurance, to otherwise establish a program or project to provide insurance for the

Agency and/or its Members, its officers and directors or any combination thereof to insure against any losses or claims in connection with the activities, property, operations or assets of the Agency, its Members or its officers and directors;

(r) to establish energy risk management programs, and acquire and liquidate financial hedging instruments and options to stabilize and mitigate risks associated with obtaining and providing electrical capacity and energy and fuel supply, and the financing of Agency activities;

(s) to establish prices for sales of energy, capacity, ancillary services or other products and services authorized by this Agreement to Members of the Agency and third parties;

(t) to establish policies and procedures regarding the governance, financial operations, risk management, personnel, compensation, benefits and other prudent business matters of the Agency; and/or

(u) to undertake or participate in any other lawful activity.

Section 3. Implementation of Services with Members. In exercising its powers to provide its Members with various resources, services and/or benefits, the Agency may establish and enter into agreements with one or more of its Members:

(a) to provide all requirements power supply services to Members (an "All Requirements Agreement");

(b) to provide a portion of the power and energy requirements of Members (a "Partial Requirements Agreement");

(c) to establish, undertake and provide, from time to time, assistance or services for Members;

(d) to purchase energy, capacity and ancillary services from Members (a "Power Purchase Agreement");

(e) to act as agent for Members (an "Agency Agreement");

(f) to establish credit and security arrangements with Members (a "Credit Assurance Agreement"); and/or

(g) to establish participation arrangements for Projects (hereinafter defined) undertaken by the Agency (a "Project Participation Agreement").

Nothing in this Section 3 shall be interpreted to limit the powers of the Agency to provide its Members with other resources, services or benefits.

Section 4. Designation of Projects. To establish or undertake, from time to time, specific projects for the benefit of one or more of its Members (each a "Project"), the Board of Directors shall adopt a resolution authorizing said Project, designating it as a Project of the Agency, and identifying the Members who may be interested in participating in the Project.

If fewer than all of the Members of the Agency are interested in participating in a Project, a Project Committee shall be established in accordance with Article III, Section 4.

Unless a Member elects to participate in a particular Project, that Member shall not be liable to the Agency, any other Member of the Agency or any other person, company, organization or entity for the operation, maintenance, construction, development, acquisition, performance, funding, financing, costs, or expenses of the Project, or for claims, demands, causes of action, obligations or liabilities of any kind arising out of, or related to, the Project.

Section 5. Termination of Projects. No Project may be terminated, unless

(a) all bonds, notes or other evidences of indebtedness of the Agency with respect to such Project, and the interest thereon, have been paid or adequate provision for such payment made in accordance with the provisions of such bonds, notes or other evidences of indebtedness; and

(b) all contractual obligations undertaken by the Agency with respect to such Project and all liens, charges and encumbrances to which the property constituting a part of such Project is subject have been satisfied, released or adequately provided for in accordance with the terms of the instruments governing such matters.

After fulfillment of the foregoing requirements, all property, real, personal, tangible and intangible of the Agency constituting a part of such Project shall promptly be divided among and distributed to the Members participating in such Project in the proportion that each Member's participation in such Project bears to the participation of all Members participating in such Project or in such other manner as such participating Members shall agree.

Section 6. Indemnification. The Agency and the Members participating in a Project shall indemnify and hold harmless any Member not participating in the Project for any costs, expenses, claims, causes of action, obligations, or liability, financial or otherwise, which in any way arise out of or relate to such Project, including without limitation any attorney's fees and/or defense costs. All costs, fees and expenses incurred by the Agency to indemnify or hold harmless non-participating Members shall be charged solely to the Members participating in the Project.

ARTICLE III ORGANIZATION OF THE AGENCY

Section 1. Board of Directors. The Agency shall be governed by a Board of Directors composed of one Director (the "Director") designated by the governing body of each Member of the Agency, who shall serve at the pleasure of the Member designating him or her. A Member may designate an alternate Director (the "Alternate Director") to serve in the absence of its Director. The Alternate Director shall have the power and authority to participate and vote in matters of the Board of Directors or any committee established by the Board of Directors in the absence of the designated Director.

The Director and the Alternate Director must each be a member of the governing body or a senior management employee of the Member or the Member's electrical utility system.

Section 2. Meetings. The Board of Directors shall meet annually within the Commonwealth of Kentucky at a time and place as determined by the Board of Directors. Special meetings of the Board of Directors may be held within or without the Commonwealth of Kentucky. The Bylaws may provide for regular meetings of the Board of Directors to be held within the Commonwealth of Kentucky at times and places selected by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman or any two or more Directors in accordance with the Bylaws.

Section 3. Quorum and Voting. A quorum exists at any meeting of the Board of Directors when a majority of the Agency's Directors is present at such meeting. If a quorum exists, a majority vote of the Directors present shall be necessary to take any action. If a vote of greater than a majority is required pursuant to this Agreement, the Bylaws or any resolution establishing a Project, the required supermajority shall be based on the number of Directors present or, in the case of a Weighted Vote (as provided below), based on the total number of weighted votes of Directors present.

Each Director shall be entitled to one vote on a matter submitted to a vote of the Board of Directors; provided, however, that any Director voting in the minority shall have the right to call for reconsideration based on a weighted vote (a "Weighted Vote"), except that no Weighted Vote may be called for election of Board officers or removal of a Director or officer. If a Weighted Vote is called on an eligible matter, the motion for reconsideration must receive a majority of the weighted votes of the Directors present in order to vacate the original per capita vote. The formula for the determining each Member's number of weighted votes shall be set forth in the Agency's Bylaws.

Each Project Committee may establish its own formula for determining how participating Members shall be entitled to vote on matters relating to that Project.

All questions regarding matters relating to an approved Project, except as otherwise provided herein or in the resolution authorizing the Project, shall be decided by the Project

Committee in accordance with any applicable Project Participation Agreement and other governing instruments. Within the decision-making process the individual needs and desires of the Members participating in the Project shall be given the strongest consideration consistent with the best interest of all Members of the Agency and all other Projects of the Agency.

Section 4. Project Committees. In order to facilitate the Project decision-making process, a Project management committee (a "Project Committee") for each Project shall be appointed by the Member participants in the Project. The Project Committee shall be composed of no more than one representative from each Member system participating in each Project. Each Project Committee will meet as necessary to discuss questions involving the administration, management and operation of the Project and will make recommendations to the Board of Directors regarding the policy decisions to be made about the Project.

The Project Participation Agreement between the Agency and the participating Members will include a provision by which the participating Members recognize that the Board of Directors will be responsible for making any decisions with regard to authorization of acquisition of, construction of, participation in, or financing of the Project.

Section 5. Executive and Other Committees. An Executive Committee consisting of the Chairman, Vice Chairman, and such other directors as are provided for in the Bylaws, shall hold and exercise such powers as are delegated to it by this Agreement, the Bylaws or in writing by the Board of Directors. The President of the Agency shall be an ex officio, non-voting member of the Executive Committee. The Board of Directors or the Executive Committee may create other committees and shall decide the manner in which such other committees shall conduct their business in accordance with the Bylaws.

Section 6. Resignations or Removal of Directors and Members of the Executive Committee. Any Director or Executive Committee member may at any time resign his or her position by the delivery of his or her resignation in writing to the Agency, or as otherwise provided in the Bylaws. Any such resignation shall be effective upon receipt, and acceptance thereof shall not be necessary to make it effective unless it so states. The term of any Director who resigns as provided in Section 9 of Article VI hereof or who is removed as may be provided in the Bylaws shall immediately terminate, unless an alternate effective date of such resignation or removal is specified.

Section 7. Vacancies on the Board of Directors and Executive Committee. Any vacancy on the Board of Directors shall be filled by the governing body of the Member that designated the Director whose position is vacant by written notice to the Agency. The filling of any vacancy on the Board of Directors shall be effective upon receipt of such notice. Any vacancy on the Executive Committee shall be filled as provided for in the Bylaws.

Section 8. Bylaws. The Board of Directors shall adopt Bylaws governing rules of order and other subjects required for the orderly conduct of the Agency's business within 30 days of the first meeting of the Board of Directors.

Approval of the original Bylaws of the Agency and amendments to the Bylaws shall require a two-thirds (⅔) majority vote of the total number of Directors of the Agency.

Section 9. Participation in Meetings by Electronic Communication. The Agency may conduct any regular or special meeting of the Board of Directors or any committee of the Agency and any Director or member of an Agency committee may participate in any regular or special meeting of the Board of Directors or any Agency committee through means of electronic communication. Conduct of or participation in a meeting by electronic communication shall be in conformance with applicable state law and in particular with the provisions and requirements of the Open Meetings Act of the Commonwealth of Kentucky, as amended. For all purposes of this Agreement and the Bylaws, a person participating in a meeting by electronic communication in accordance with applicable Kentucky law shall be deemed to be present at the meeting.

ARTICLE IV OFFICERS OF THE AGENCY

Section 1. Designation and Qualification. The officers of the Agency shall consist of a Chairman, a Vice Chairman, a President, a Treasurer and a Secretary, and such other officers, including one or more additional Vice Chairmen, Assistant Treasurers, or Assistant Secretaries, as the Board of Directors may determine. The Chairman and any Vice Chairman shall be Directors, but other officers need not be a Director. A person may hold more than one office at the same time except that the Chairman and the Secretary may not be the same person. The Treasurer and all Assistant Treasurers may be required to give the Agency a bond for the faithful performance of his or her duties in such sum and with such surety or sureties as shall be determined from time to time by the Board of Directors.

Section 2. Election and Term. All officers of the Agency shall be elected or appointed pursuant to the provisions of the Bylaws.

Section 3. Chairman. The Chairman shall preside at all meetings of the Board of Directors at which he or she is present. The Chairman shall also have the powers and duties prescribed in the Bylaws and such other powers and duties as may be expressly assigned to him or her by the Board of Directors.

Section 4. Vice Chairman. The Vice Chairman or Vice Chairmen, if any, shall have such powers and perform such duties of the Chairman as may be assigned to them by the Board of Directors or the Chairman and shall preside over meetings of the Board of Directors when the Chairman is absent. In the event of the resignation, removal or incapacity of the Chairman, the Vice Chairman or, if there be more than one Vice Chairman, the First Vice Chairman, shall have and exercise all the power and duties of the Chairman until such time as the Chairman is able to resume his or her duties or until such time as a new Chairman is elected by the Board of Directors.

Section 5. Treasurer and Assistant Treasurers. The Treasurer shall have, subject to the Bylaws or the direction of the Board of Directors, general charge of the funds and financial affairs of the Agency and shall require to be kept full and accurate records thereof. He or she, or in his or her absence the Assistant Treasurer, if any, shall render to the Board of Directors and the Executive Committee, at their regular meetings and such other times as they may determine, a statement of the financial condition of the Agency and a report of the financial transactions of the Agency. In the event of the resignation, removal or incapacity of the Treasurer, the Assistant Treasurer, if any, or if there be more than one, the First Assistant Treasurer, shall have and exercise all powers and duties of the Treasurer until such time as the Treasurer is able to resume his or her duties or until such time as a new Treasurer is elected by the Board of Directors.

In addition to the foregoing, any Assistant Treasurers shall be assigned such duties and powers of the Treasurer as the Board of Directors and/or the Executive Committee may determine.

Section 6. Secretary and Assistant Secretaries. The Secretary, or in his or her absence, the Assistant Secretary, if any, shall attend all meetings of the Board of Directors and shall record the proceedings thereof in books provided for that purpose. He or she shall notify the Directors of their meetings in accordance with the provisions of this Agreement and the Bylaws. In the event of the resignation, removal or incapacity of the Secretary, the Assistant Secretary, if any, or if there be more than one, the First Assistant Secretary, shall have and exercise the powers and duties of the Secretary until such time as the Secretary is able to resume his or her duties or until such time as a new Secretary is elected by the Board of Directors.

In addition to the foregoing, any Assistant Secretaries shall be assigned such duties and powers of the Secretary as the Board of Directors and/or the Executive Committee may determine.

Section 7. President. The Board of Directors may employ and appoint a principal executive and administrative officer of the Agency, who shall serve as the President of the Agency. The President shall have such powers and perform the duties as may be assigned to him or her by the Board or Directors. The Board may authorize the President to sign and execute deeds, mortgages, deeds of trust, notes, bonds, checks, contracts or other instruments unless the signing and execution thereof has been expressly delegated by the Board or by this Agreement or the Agency's Bylaws to some other officer or agent of the Agency, or is required by law to be otherwise signed or executed. The President shall serve as an ex officio, non-voting member of the Board of Directors and the Executive Committee.

Section 8. Resignation. Any officer may at any time resign his or her office by the delivery of a resignation in writing to the Agency. Such resignation shall be effective upon receipt, and acceptance thereof shall not be necessary to make it effective unless it so states.

Section 9. Removal of Officers. Any officer may be removed from office at any time by the Board of Directors in accordance with the Bylaws.

**ARTICLE V
MEMBER CONTRIBUTIONS**

The Board of Directors by resolution may from time to time adopt a schedule of assessments, or method for determining the assessments, to be paid by each Member to support the administrative budget and operations of the Agency. This Article V shall not prevent the adoption of operating budgets and budgets relating to expenses or bond proceeds or other budgets that relate to moneys other than moneys raised via assessments.

**ARTICLE VI
MISCELLANEOUS PROVISIONS**

Section 1. Duration. The duration of the Agency shall be perpetual. This Agreement shall continue in full force and effect, subject to the right to rescind this Agreement and dissolve the Agency provided by Section 2 of this Article VI, provided that all of the Agency's (i) bonds, (ii) notes, (iii) evidences of indebtedness, (iv) other obligations, including but not limited to those arising out of any power purchase or sale agreements or other contractual obligations undertaken by the Agency, and (v) liens, charges and encumbrances to which property of the Agency is subject ("Agency Obligations") have been satisfied, terminated or cancelled in full or adequate provision for such satisfaction has been made in accordance with the instruments governing such Agency Obligations.

Section 2. Dissolution of the Agency. This Agreement shall continue in full force and effect, and the Agency shall continue to possess the powers herein conferred upon it, until the Members shall have rescinded this Agreement in accordance with Article VI, Section 1, and this Section 2. Any such termination or rescission of this Agreement shall constitute a dissolution of the Agency. Termination or rescission of this Agreement may only be accomplished by a writing or writings executed by each Member and approved by resolution of each Member's governing body. In no event shall this Agreement or the powers herein granted to the Agency be terminated or rescinded until all Agency Obligations shall have been satisfied, released or adequately provided for.

Section 3. Liquidation. Upon dissolution of the Agency, the Board of Directors shall liquidate the business, assets and property of the Agency, as expeditiously as possible, and all property of the Agency, real, personal, tangible and intangible shall be distributed (a) in the case of property constituting a part of a Project of the Agency, to the Members participating in such Project and in the manner set forth in Section 5 of Article II hereof, and (b) in the case of all other property of the Agency, to the Members in the proportion that each Member's aggregate kilowatt hours of energy purchased or consumed from any resource designated by the Agency as a resource controlled, managed or dispatched by the Agency in the five years prior to dissolution bears to total kilowatt hours of energy purchased or consumed by all Members from such resources during that time, unless otherwise provided in governing instruments; provided, however that net proceeds from the dissolution of a Project will be distributed in accordance with

the resolution establishing such Project and other governing instruments or, in the absence of any such direction, by the determination and direction of the Project Committee.

Section 4. Annual Budget. The Board of Directors shall approve and adopt an annual budget of the Agency prior to the start of each fiscal year.

Section 5. Audit. The Board of Directors shall at least once per year cause an independent audit to be performed of the Agency's books and accounts by a certified public accountant.

Section 6. Effective Date. This Agreement shall be effective as to each Member immediately at such time as it is executed by authority of the governing body of such Member.

Section 7. Construction. The provisions of this Agreement shall be given a liberal construction to effectuate its broad purposes. All references in this Agreement to terms in the masculine shall also be deemed to include the feminine, and vice versa.

Section 8. New Members. The Board of Directors, to the extent authorized in the Bylaws and applicable statutes, may permit any public agency (as defined in the Act) operating a municipal electric system within or without the Commonwealth of Kentucky to become a party to this Agreement; provided, however, that no such public agency shall become a party hereto until (i) its admission is approved at a regular or special meeting of the Board of Directors and (ii) such public agency agrees to the conditions precedent to its Membership as determined by the Board of Directors and this Agreement.

Section 9. Resignation of Member. Subject to the fulfillment of all obligations it has undertaken as a Member or has otherwise agreed to with the Agency or other Members, any Member may resign its membership in the Agency, remove itself as a party to this Agreement and terminate its participation in this Agreement upon compliance with the following provisions:

(a) A Member wishing to resign from the Agency shall notify the Agency in writing of its intent to resign (the "Resignation Notice"). Such Resignation Notice shall be delivered to the Agency and each of the others Members not less than one (1) year prior to the requested effective date contained in the Resignation Notice. No Member's resignation shall become effective unless and until it has discharged its Resigning Member Obligations as defined in this Section 9 of Article VI.

(b) No later than one hundred eighty (180) days after receipt of the Resignation Notice, the Treasurer of the Agency shall issue a report to the Board of Directors listing (i) the interest of the resigning Member in Agency Projects; (ii) the liabilities, indebtedness, responsibilities, duties, contractual obligations and/or rights of the resigning Member in any Agency Project; (iii) any other indebtedness or obligations owed to the Agency or to other Members by the resigning Member as a result of being a Member of the Agency; and (iv) any other contractual or other obligations the resigning

Member has undertaken related to the Agency or its Members or its activities (the "Resigning Member Obligations").

(c) Upon the fulfillment and payment of, or the establishment of adequate provision for such fulfillment and payment of, all Resigning Member Obligations, as determined by the Board of Directors and in accordance with all governing instruments, the Agency shall enter into a written disjoinder of parties agreement with the resigning Member, and the resignation of the resigning Member from the Agency shall become effective upon the execution of the disjoinder agreement.

(d) Resignation by any Member shall not limit, negate or affect in any way the resigning Member's right to indemnification from the Agency or any Members as described and set forth in Article II, Section 6 of this Agreement. Furthermore, resignation by any Member shall not limit, negate or affect in any way the resigning Member's obligation to provide indemnification as described and set forth in Article II, Section 6 of this Agreement.

Section 10. Amendments. Amendment of this Agreement shall require a two-thirds ($\frac{2}{3}$) majority vote of the total numbers of Directors of the Agency; provided that a copy of all proposed amendments to be considered at any meeting of the Board of Directors must have been delivered to each Director not less than ten (10) days prior to the meeting at which any proposed amendment shall be submitted to a vote.

Section 11. Statutory References. All references in this Agreement to statutes of the Commonwealth of Kentucky shall be deemed to refer to such statutes as presently enacted or hereafter amended and also to any statutes hereafter adopted by the Commonwealth of Kentucky amending, modifying, replacing or expanding the scope of such statutes.

Section 12. Duplicate Originals. This Agreement may be executed in several counterparts, each of which will be an original but all of which together shall constitute one and the same instrument.

Section 13. Severability. In the event that any of the terms, covenants or conditions of this Agreement or their application shall be held invalid as to any person, entity or circumstances by any court having jurisdiction, the remainder of this Agreement and the application and effect of its terms, covenants or conditions to such persons, entities or circumstances shall not be affected thereby.

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IN WITNESS WHEREOF, the Electric and Water Plant Board of the City of Frankfort, Kentucky, pursuant to its authorizing resolution adopted on June 16, 2015, has hereunto entered into this Agreement this 16th day of June, 2015.

ELECTRIC AND WATER PLANT BOARD OF
THE CITY OF FRANKFORT, KENTUCKY

By: [Signature]
Name: Ralph Ludwig
Title: Chairman

Attest:

By: [Signature]
Name: Rick Pogrotsky
Title: Secretary

COMMONWEALTH OF KENTUCKY)

COUNTY OF Franklin)

Subscribed and sworn to before me by Ralph Ludwig, Chairman,
and Rick Pogrotsky, Secretary, of the Electric and Water Plant Board of the City of
Frankfort, Kentucky this 16th day of June, 2015.

My commission expires: June 6, 2018.

[Signature]
Notary Public

This instrument was prepared by:

Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7525

By _____
Charles S. Musson