

RESOLUTION
OF THE
BRADLEY LAKE MANAGEMENT COMMITTEE

RESOLUTION NO. 2017-03

RESOLUTION AUTHORIZING THE FINANCING OF
THE BATTLE CREEK DIVERSION PROJECT AND
RELATED MATTERS

WHEREAS, pursuant to Section 13 of the Bradley Lake Hydroelectric Project Agreement for the Sale and Purchase of Electric Power (the "Power Sales Agreement") dated as of December 8, 1987, by and among the Chugach Electric Association, Inc., Golden Valley Electric Association, Inc., the Municipality of Anchorage d/b/a Municipal Light and Power, the City of Seward d/b/a Seward Electric System, and Alaska Electric Generation & Transmission Cooperative, Inc., and as Additional Parties Homer Electric Association, Inc. and Matanuska Electric Association, Inc. (as used herein collectively, the "Power Purchasers"), and the Alaska Energy Authority (the "Authority"), a Project Management Committee (the "Committee") has been duly formed in connection with the Bradley Lake Hydroelectric Project (the "Bradley Lake Project") of the Authority for the purposes and with the responsibilities specified by the Power Sales Agreement; and

WHEREAS, the Bradley Lake Project was financed with proceeds of the Authority's power revenue bonds (the "Bradley Lake Bonds") which were issued under, and pursuant to, the terms of the Authority's Power Revenue Bond Resolution, adopted on September 9, 1989, as supplemented from time to time (the "Authority's Bond Resolution"); and

WHEREAS, the Power Purchasers are obligated under the Power Sales Agreement to pay to the Authority their respective Percentage Shares of Annual Project Costs in connection with the Bradley Lake Project, including without limitation, amounts required to be set aside by the Authority for payment of Debt Service on the Bradley Lake Bonds and on additional bonds approved in accordance with Sections 11 and 13 of the Power Sales Agreement; and

WHEREAS, the Authority's Bond Resolution authorizes the issuance of additional bonds for purposes of financing acquisition and construction costs of

capital improvements in connection with the Bradley Lake Project subject to terms and conditions stated therein and in the Power Sales Agreement; and

WHEREAS, the Committee supports the development of the Battle Creek Diversion Project (the "Battle Creek Project") which diverts the water flow of Battle Creek into the Bradley Lake thereby increasing the amount of water for use by the Bradley Lake Project and therefore is a Capital Improvement in connection with the Bradley Lake Project; and

WHEREAS, the Committee supports the issuance of additional bonds under the Authority's Bond Resolution to finance costs of the Battle Creek Project which thereby increases the amount of Annual Project Costs payable by each Power Purchaser under the Power Sales Agreement, or as otherwise agreed to by the Power Purchasers, subject to the terms and conditions of the Power Sales Agreement; and

WHEREAS, the Committee approved Resolution No. 2017-02 on October 13, 2017, as amended on December 1, 2017 ("Resolution No. 2017-02") which resolved, among other matters, that the Battle Creek Project is "Optional Project Work" under the Power Sales Agreement; and

WHEREAS, Resolution No. 2017-02 resolved also the manner in which the costs and benefits of the Battle Creek Project will be managed and allocated among the Power Purchasers who elect to participate in, and benefit from, the Battle Creek Project (the "Participating Purchasers"); and

WHEREAS, Resolution No. 2017-02 was approved by an affirmative vote of at least four (4) representatives of the Power Purchasers, whose percentage shares of the output from the Bradley Lake Project are greater than fifty-one percent (51%), plus the affirmative vote of the Authority; and

WHEREAS, the Committee has determined that the Authority should proceed with the financing of the Battle Creek Project by use of the Authority's Bond Resolution; and

WHEREAS, Section 11 of the Power Sales Agreement provides that the Authority will not supplement the Authority's Bond Resolution in any manner, or adopt a new bond resolution, which would materially adversely affect the ability of a Power Purchaser to fulfill the terms of the Power Sales Agreement or impose any increased burden or obligation, financial or otherwise, on a Power Purchaser without its consent unless the Committee has approved the Authority's proposed action by resolution adopted by the affirmative vote of the members of the Committee whose Percentage Shares of output from the Bradley Lake Project

{00759248}

equal or exceed eighty percent (80%) of Project Capacity and Annual Project Costs (as such terms are defined in the Power Sales Agreement); and

WHEREAS, the Authority's Bond Resolution will need to be supplemented to allow for the issuance of additional bonds, the proceeds of which will be used to finance costs of the Battle Creek Project; and

WHEREAS, the Authority's Bond Resolution requires as a condition of the issuance of additional bonds that the Capital Reserve Fund created under the terms of the Authority's Bond Resolution be funded such that amounts held therein satisfy the Capital Reserve Fund Requirement; and

WHEREAS, it has been determined that establishment of the Capital Reserve Fund supporting payment of the Battle Creek Project debt obligations enhances the marketability of such debt obligations; and

WHEREAS, the Participating Purchasers have agreed to cash fund the Capital Reserve Fund in an amount sufficient to satisfy the Capital Reserve Fund Requirement as defined in the Authority's Bond Resolution; and

WHEREAS, the Committee has determined that cash funding the Capital Reserve Fund by the Participating Purchasers is authorized by the terms and conditions of the Power Sales Agreement generally, and specifically Section 4(d) of the Power Sales Agreement; and

WHEREAS, the Authority and the Power Purchasers have each reviewed the Battle Creek Project financing proposal prepared by the Authority's financial advisor, PFM Financial Advisors LLC; and

WHEREAS, the Committee has determined, on behalf of the Power Purchasers and Authority, that financing of the Battle Creek Project may be accomplished with the issuance of additional bonds issued under, and pursuant to, the Authority's Bond Resolution and cash of the Participating Purchasers, but that the aggregate principal amount of such financings shall not exceed \$47,000,000 and that the Authority and the Power Purchasers should proceed with finalizing all the necessary documents in connection therewith; and

WHEREAS, the Committee has determined on behalf of the Power Purchasers and Authority that the Authority issue additional series of bonds under, and pursuant to the terms, of the Authority's Bond Resolution in an amount not to exceed \$47,000,000 (the "BCP Bonds") for purposes of

financing costs of the Battle Creek Project, including costs of issuance of the BCP Bonds; and

WHEREAS, the BCP Bonds will, under and pursuant to the Authority's Bond Resolution, consist of three series of "additional bonds" as follows, (i) not to exceed principal amount of \$40,000,000 Power Revenue Bonds (the "Series A Bonds"), (ii) not to exceed principal amount of \$1,239,000 Power Revenue Bonds (the "Series B Bonds"), and (iii) not to exceed principal amount of \$5,761,000 Power Revenue Bonds (the "Series C Bonds"); and

WHEREAS, in connection with the issuance of the BCP Bonds, the Committee has determined on behalf of the Power Purchasers and Authority that there is deposited into the Capital Reserve Fund an amount sufficient to satisfy the Capital Reserve Fund Requirement, from cash received by the Participating Purchasers benefitting from the Battle Creek Project; and

WHEREAS, National Cooperative Services Corporation (the "Purchaser") has proposed to enter into a loan agreement with the Authority in connection with each series of BCP Bonds (together, the "Loan Agreement"), under which, among other things, subject to terms, conditions, representations, warranties and agreements contained therein, Purchaser agrees to purchase the BCP Bonds; and

WHEREAS, the purpose of this resolution is to provide evidence to all parties to the Power Sales Agreement, counsel to the Committee and the Purchaser of the BCP Bonds, of the Committee's approval on behalf of the Power Purchasers of and to the terms of the Authority's Financing Documents (as defined below), including funding of the Capital Reserve Fund by the Participating Purchasers; and

WHEREAS, the Financing Agreements include the Authority's Supplemental Resolution Nos. 2017-07, 2017-08 and 2017-09, authorizing the sale, issuance and delivery of the BCP Bonds and related matters, all substantially in the forms presented to the Committee on the date hereof as Exhibits A, B and C, and the Purchaser's Loan Agreement, substantially in the form presented to the Committee on the date hereof as Exhibit D; these documents are collectively referred to herein as the "Financing Agreements";

NOW, THEREFORE, IT IS RESOLVED BY THE COMMITTEE ON BEHALF OF THE POWER PURCHASERS as follows:

1. General Approval of Financing. The Committee hereby

{00759248}

approves the financing of the Battle Creek Project, in an aggregate principal amount not to exceed \$47,000,000, by the issuance of BCP Bonds, the proceeds of which will be used to pay costs of construction of the Battle Creek Project and pay costs of issuance of the BCP Bonds.

2. Approval of Financing Documents. In connection with the issuance of the BCP Bonds, in the aggregate principal amount not to exceed \$47,000,000, the Financing Documents are hereby approved. This section constitutes approval of the supplements to the Authority's Bond Resolution made in connection with the issuance of the BCP Bonds pursuant to the Authority's Supplemental Resolution Nos. 2017-07, 2017-08 and 2017-09 (collectively, the "Authority's Resolutions") attached as Exhibits A, B and C hereto and as required by Section 11 of the Power Sales Agreement.

3. Payment Obligations. Pursuant to Sections 11 and 13 of the Power Sales Agreement, the Committee hereby expressly approves and determines that the payment obligations to be imposed on the Authority arising out of the sale, purchase, issuance and delivery of the BCP Bonds under and pursuant to the terms of the Loan Agreement, are and shall, pursuant to Section 8(a) of the Power Sales Agreement, be specifically included in Annual Project Costs under the Power Sales Agreement.

4. Capital Reserve Fund. In connection with the issuance of the BCP Bonds, the Committee hereby approves funding of the Capital Reserve Fund by the Participating Purchasers in an amount sufficient to satisfy the Capital Reserve Fund Requirement pursuant to the terms of Section 4(d) of the Power Sales Agreement. Funding of the Capital Reserve Fund in connection with the Series A Bonds and Series B Bonds will be required on the date of issuance of such bonds. Funding of the Capital Reserve Fund in connection with the Series C Bonds (which will take the form of a drawdown obligation) will be required with each principal advance under the terms of such bonds.

5. Committee's Authorized Representative. The Committee appoints Lee Thibert, Chief Executive Officer of Chugach Electric Association, Inc., as the authorized representative of the Committee (the "Authorized Representative"), and authorizes and directs him to evidence the Committee's approval of the Loan Agreement; provided that the aggregate principal amount of the BCP Bonds shall not exceed \$47,000,000, the interest rate of the Series A Bonds and Series B Bonds shall be a fixed rate of interest not to exceed the sum of (y) the percentage rate that expresses the yield to maturity of the ten (10) year on-the-run U.S. Treasury securities, as quoted by Bloomberg data services, on or about the date of issuance of the Bonds plus (z) plus 200 basis points per annum, and the interest rate on the Series C Bonds shall not exceed the variable rate of interest equal to National Cooperative Services Standard Variable Rate, as quoted by National Cooperative Services Corporation on a daily basis, for the first thirty-six (36) months and thereafter convert to a fixed rate of interest not to exceed the National Cooperative Services Corporation Long Term Fixed Rate, as quoted by National Cooperative Services Corporation on a daily basis. Subject to the foregoing, the Authorized Representative is further authorized to execute all other necessary documents, on behalf of the Committee, in connection with the issuance of the BCP Bonds as may be requested by the Authority.

6. Resolution Irrevocable. This resolution shall be irrevocable, and each Participating Purchaser shall, pursuant to the Power Sales Agreement, cooperate with the Authority and Purchaser and take such actions as are reasonably required to accomplish the issuance and delivery of the BCP Bonds, subject to all of the terms, conditions, representations, warranties, and agreements contained in the Financing Documents.

7. Whereas Clauses. The Whereas Clauses to this resolution are incorporated into this resolution as if fully set forth herein.

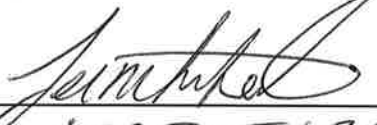
8. Capitalized Terms. Any capitalized term used and not otherwise defined in the Whereas Clauses or this resolution shall have the meaning given such term in Authority's Bond Resolution or the Power Purchase Agreement, as applicable.

ADOPTED this ____ day of December, 2017.

PERCENTAGE SHARE
OF CAPACITY AND
ANNUAL COSTS
UNDER POWER SALES
AGREEMENT

CHUGACH ELECTRIC ASSOCIATION, INC.

30.4%

By: 
Name: LEE D. THIBERT
Title: CEO

MUNICIPALITY OF ANCHORAGE MUNICIPAL
LIGHT & POWER

25.9%

By: _____
Name: _____
Title: _____

ALASKA ELECTRIC & ENERGY
COOPERATIVE, INC.
(acting on behalf of Homer Electric
Association, Inc.)

12.0%

By: _____
Name: _____
Title: _____

PERCENTAGE SHARE
OF CAPACITY AND
ANNUAL COSTS
UNDER POWER SALES
AGREEMENT

CHUGACH ELECTRIC ASSOCIATION, INC. 30.4%

By: _____
Name: _____
Title: _____

MUNICIPALITY OF ANCHORAGE MUNICIPAL
LIGHT & POWER 25.9%

By:  _____
Name: Mark A. Johnston
Title: General Manager

ALASKA ELECTRIC & ENERGY
COOPERATIVE, INC. 12.0%
(acting on behalf of Homer Electric
Association, Inc.)

By: _____
Name: _____
Title: _____

PERCENTAGE SHARE
OF CAPACITY AND
ANNUAL COSTS
UNDER POWER SALES
AGREEMENT

CHUGACH ELECTRIC ASSOCIATION, INC.

30.4%

By: _____
Name: _____
Title: _____

MUNICIPALITY OF ANCHORAGE MUNICIPAL
LIGHT & POWER

25.9%

By: _____
Name: _____
Title: _____

ALASKA ELECTRIC & ENERGY
COOPERATIVE, INC.
(acting on behalf of Homer Electric
Association, Inc.)

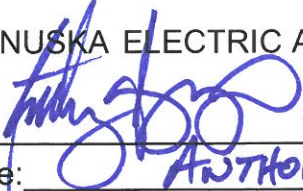
12.0%

By:  _____
Name: Bradley P. Janorschke
Title: General Manager

PERCENTAGE SHARE
OF CAPACITY AND
ANNUAL COSTS
UNDER POWER SALES
AGREEMENT

MATANUSKA ELECTRIC ASSOCIATION, INC.

13.8%

By: 
Name: ANTHONY IZZO
Title: CEO

GOLDEN VALLEY ELECTRIC
ASSOCIATION, INC.

16.9%

By: _____
Name: _____
Title: _____

CITY OF SEWARD dba SEWARD ELECTRIC
SYSTEM

1.0%

By: _____
Name: _____
Title: _____

ALASKA ENERGY AUTHORITY

By: 
Name: Bryan K. Loring
Title: Project Manager

PERCENTAGE SHARE
OF CAPACITY AND
ANNUAL COSTS
UNDER POWER SALES
AGREEMENT

MATANUSKA ELECTRIC ASSOCIATION, INC.

13.8%

By: _____
Name: _____
Title: _____

GOLDEN VALLEY ELECTRIC
ASSOCIATION, INC.

16.9%

By: _____
Name: _____
Title: _____

CITY OF SEWARD dba SEWARD ELECTRIC
SYSTEM

1.0%

By:  _____
Name: JOHN FOUTZ
Title: ELECTRIC UTILITY MANAGER

ALASKA ENERGY AUTHORITY

By: _____
Name: _____
Title: _____

EXHIBIT A
Supplemental Resolution No. 2017-07

EXHIBIT B

Supplemental Resolution No. 2017-08

EXHIBIT C

Supplemental Resolution No. 2017-09

EXHIBIT D
Loan Agreements

ALASKA ENERGY AUTHORITY

RESOLUTION NO. 2017-07

**A SUPPLEMENTAL RESOLUTION AUTHORIZING
THE ISSUANCE, SALE AND DELIVERY OF
POWER REVENUE BONDS, SEVENTH SERIES
(BATTLE CREEK DIVERSION PROJECT), IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO
EXCEED \$40,000,000 AND DETERMINING
RELATED MATTERS**

Adopted December 7, 2017

TABLE OF CONTENTS

	Page
ARTICLE I	
Definitions and Authority	
Section 101. Short Title.	1
Section 102. Definitions.	1
Section 103. Authority for this Resolution.	2
ARTICLE II	
Authorization; Terms and Issuance	
Section 201. Authorization, Principal Amount, Interest Rate, Designation and Series.	2
Section 202. Purposes; Construction Fund; Reserve Fund.	3
Section 203. Issue Date and Form; Book-Entry.	3
Section 204. Places and Manner of Payment.	4
Section 205. Maturities and Interest Rate.	5
Section 206. Numbers and Letters.	5
Section 207. Redemption.	5
Section 208. No Redemption of Bonds from Construction Fund Moneys.	5
ARTICLE III	
Sale and Delivery of Bonds	
Section 301. Sale of Bonds.	5
Section 302. Delivery of Bonds.	6
ARTICLE IV	
Paying Agent	
Section 401. Appointment of Paving Agent.	7
ARTICLE V	
Ratification	
Section 501. Ratification, Confirmation and Approval.	7
ARTICLE VI	
Effective Date	
Section 601. Sixth Supplemental Resolution Effective Date.	7

Exhibit A Bond Terms

ALASKA ENERGY AUTHORITY

RESOLUTION NO. 2017-07

A SUPPLEMENTAL RESOLUTION AUTHORIZING
THE ISSUANCE, SALE AND DELIVERY OF
POWER REVENUE BONDS, SEVENTH SERIES
(BATTLE CREEK DIVERSION PROJECT), IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO
EXCEED \$40,000,000 AND DETERMINING
RELATED MATTERS

BE IT RESOLVED by the Board of Directors of the Alaska Energy Authority on the 7th day of December, 2017 that pursuant to the Power Revenue Bond Resolution adopted on September 7, 1989, (hereinafter referred to as the “Resolution”), this Supplemental Resolution is adopted as follows:

ARTICLE I
Definitions and Authority

Section 101. Short Title. This resolution may hereafter be cited by the Authority, and is hereinafter sometimes referred to, as the “Sixth Supplemental Resolution.”

Section 102. Definitions.

(A) All defined terms contained in the Resolution shall have the same meanings in this Sixth Supplemental Resolution as such defined terms are given in Section 102 of the Resolution.

(B) In addition, as used in this Sixth Supplemental Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

Authorized Denomination means \$25,000 and integral multiples of \$1.00 in excess thereof.

Beneficial Owner means the person in whose name a Bond is recorded as the beneficial owner of such Bond by the respective systems of DTC and the DTC Participants or the registered owner of the Bond if the Bond is not then held in book-entry form under Section 203.

Bonds means the Seventh Series Bonds.

Code means the Internal Revenue Code of 1986, as amended.

Continuing Disclosure Agreement means the Continuing Disclosure Agreement, if any, executed by the Authority and dated the date of the Bonds are issued and as it may be amended from time to time in accordance with the terms thereof.

Designated Representative means the Authority's Executive Director, Acting Executive Director and Chief Financial Officer.

DTC means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

DTC Participant means a trust company, bank, broker, dealer, clearing corporation and any other organization that is a participant of DTC.

Diversion Project means the Battle Creek Diversion Project which is a Capital Improvement approved by the Committee as Optional Project Work.

Fixed Rate of Interest means (i) the sum of (y) the percentage rate that expresses the yield to maturity of the ten (10) year on-the-run U.S. Treasury securities, as quoted by Bloomberg data services, on or about the date of issuance of the Bonds plus (z) 175 basis points per annum, or (ii) such other fixed rate approved by the Designated Representative pursuant to Section 301 hereof.

Letter of Representations means the Blanket Issuer Letter of Representations dated October 24, 1997, from the Authority to DTC.

Loan Agreement means that certain loan agreement, or similar type agreement, between the Authority and the Purchaser relating to the sale of the Bonds.

Purchaser means National Cooperative Services Corporation.

Seventh Series Bonds means the Bonds of the Authority authorized by this Sixth Supplemental Resolution and herein designated "Power Revenue Bonds, Seventh Series."

Section 103. Authority for this Resolution. This Sixth Supplemental Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

Authorization; Terms and Issuance

Section 201. Authorization, Principal Amount, Interest Rate, Designation and Series.

(A) In order to provide funds necessary for the purposes specified in Section 204 of the Resolution, in accordance with and subject to the terms, conditions and limitations established herein and in the Resolution, a Series of Power Revenue Bonds is hereby authorized to be issued in an aggregate principal amount not to exceed \$40,000,000. The Bonds are being

issued for the purpose of financing a portion of the costs of the Diversion Project. The Bonds of such Series shall be designated and entitled “Power Revenue Bonds, Seventh Series (Battle Creek Diversion Project).”

(B) The Bonds shall bear interest at the Fixed Rate of Interest.

(C) The Authority hereby designates the Bonds as “New Clean Renewable Energy Bonds” for purposes of Section 54C(a)(3) of the Code.

(D) The Authority hereby finds and determines that the establishment in the Resolution of the Capital Reserve Fund will enhance the marketability of the Bonds.

Section 202. Purposes; Construction Fund; Reserve Fund.

(A) The purpose for which the Bonds are being issued is to finance costs and expenses of planning, designing, acquiring, and construction of the Diversion Project. The Authority is of the opinion and hereby determines that the Diversion Project is an addition, betterment or expansion of the Project. The Committee has, by resolution, deemed the Diversion Project as Optional Project Work pursuant to the terms of the Power Sales Agreement.

(B) There is hereby established within the Construction Fund the Seventh Series Construction Account. The Trustee shall deposit proceeds of the Bonds into the Seventh Construction Account and shall hold such proceeds for the payment of Costs of Acquisition and Construction of the Diversion Project in accordance with Section 503 of the Resolution; provided, however, that the Designated Representative may instruct the Trustee to hold a portion of such proceeds or such other amounts for payment of Costs of Issuance, and the Trustee shall apply such proceeds or such other amounts to pay such costs as instructed by the Designated Representative.

(C) There is hereby established within the Capital Reserve Fund the Seventh Series Capital Reserve Account. The Trustee shall deposit cash provided by the Authority into the Seventh Series Capital Reserve Account and shall hold such amounts in accordance with Section 508 of the Resolution.

Section 203. Issue Date and Form; Book-Entry.

(A) The Bonds shall be dated as of the date of delivery of the Bonds to the Purchaser.

(B) The Bonds shall be registered initially in the name of the Purchaser of the Bonds, and shall be issued initially in the form of a single Bond with principal installments for each maturity. Registered ownership of the Bonds, or any portions thereof, may not thereafter be transferred except as provided in paragraph (D) below.

(C) The Authority confirms its appointment of the Trustee to serve as the Bond Registrar under the terms of the Resolution.

(D) In the case of any transfer of ownership of the Bonds, the Trustee shall, upon receipt of all Outstanding Bonds, together with a written request of an Authorized Officer and a supply of new Bonds authenticate a single new Bond with principal installments for each maturity in the amount of such maturity or new Bonds, in Authorized Denominations, for each maturity of Bonds then Outstanding, registered in the name of a new person, entity or depository, or its nominee, as the case may be, all as specified in such written request.

(E) If the Bonds are subsequently held in book-entry form under this Section, the Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of principal or Redemption Price of and interest on such Bonds, selecting such Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution, registering the transfer of such Bonds and obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. Neither the Authority nor the Trustee shall have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC Participant, or any other person not shown on the registration books of the Trustee as being a registered owner with respect to the accuracy of any records maintained by DTC or any DTC Participant, the payment by DTC or any DTC Participant of any amount in respect of the principal or Redemption Price of or interest on the Bonds, any notice which is permitted or required to be given to Bondholders under the Resolution, the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay from monies available under the Resolution all principal and Redemption Price of and interest on Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal or Redemption Price of and interest on the Bonds to the extent of the sum or sums so paid.

Section 204. Places and Manner of Payment. Payment of interest on the Bonds will be made by check or draft mailed by first class mail to the registered owner at the address appearing on the bond register of the Authority kept at the corporate trust office of the Trustee, or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of Bonds received at least 15 days prior to an interest payment date, by wire transfer in immediately available funds to an account in the United States of America designated by such registered owner; principal of the Bonds will be made by check or draft mailed by first class mail to the registered owner at the address appearing on the bond register of the Authority kept at the corporate trust office of the Trustee with the final installment of principal payable at the corporate trust office of the Trustee upon surrender of the Bonds representing such principal. Both principal of and interest on the Bonds are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. If all the Outstanding Bonds shall subsequently be

Sixth Supplemental Resolution

registered in the name of “Cede & Co.,” or its registered assigns, as nominee of DTC, payment of principal and interest thereon shall be made as provided in the Letter of Representations and the operational arrangements referred to therein as amended from time to time.

Section 205. Maturities and Interest Rate. The Bonds shall be issued in Authorized Denominations, shall mature no later than July 1, 2050, and shall bear interest at the Fixed Rate of Interest, all as further determined by the Designated Representative pursuant to Section 301 hereof.

Section 206. Numbers and Letters. Bonds shall be numbered and lettered in such manner as the Designated Representative shall determine prior to delivery thereof.

Section 207. Redemption. The Bonds shall be subject to redemption (including redemption by application of sinking fund payments) as determined by the Designated Representative pursuant to Section 301 hereof.

Section 208. No Redemption of Bonds from Construction Fund Moneys. The Bonds shall not be subject to redemption pursuant to subsection 503(8) of the Resolution.

ARTICLE III

Sale and Delivery of Bonds

Section 301. Sale of Bonds.

(A) The Bonds shall be sold at negotiated sale to the Purchaser pursuant to the terms of the Loan Agreement. The Designated Representative is hereby authorized to negotiate terms for the purchase of the Bonds, review, approve and execute the Loan Agreement, with such terms as are approved by him or her pursuant to this Section and consistent with this Sixth Supplemental Resolution. The Authority’s financial advisor has advised the Authority that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a scheduled meeting date of the Authority. The Authority has determined that it would be in the best interest of the Authority to delegate to the Designated Representative for a limited time the authority to approve the final interest rate or rates, interest payment dates, aggregate principal amount, terms of redemption and redemption rights and principal amounts of each principal installment/maturity date of the Bonds. The Designated Representative is hereby authorized to approve the final interest rate or rates, interest payment dates, principal installment/maturity date(s), principal installments/maturities, terms of redemption and redemption rights for the Bonds in the manner provided hereafter so long as the aggregate principal amount of the Bonds does not exceed \$40,000,000; provided, however, that notwithstanding the foregoing the Designated Representative is not authorized, empowered, or directed to execute or deliver the Loan Agreement until the Committee, or its designee for the Diversion Project, shall have approved the final terms of the Loan Agreement and shall have requested the Authority to execute and deliver the Loan Agreement.

In determining the final interest rate or rates, interest payment date or dates, aggregate principal amount, principal installment/maturities dates, terms of redemption and redemption rights, the Designated Representative, in consultation with Authority staff and the Authority's financial advisor shall take into account those factors that, in his or her judgment, will result in the most favorable terms for the Bonds, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds.

Subject to the terms and conditions set forth in this Section 301, the Designated Representative is hereby authorized to execute the final form of the Loan Agreement, upon the Designated Representative's approval of the final interest rate or rates, interest payment dates, aggregate principal amount, principal installments/maturities, terms of redemption and redemption rights set forth therein. Such terms shall be set forth in Exhibit A to the Loan Agreement and an exhibit setting forth such final terms of the Bonds shall be attached to this Sixth Supplemental Resolution as Exhibit A, and thereby incorporated into this Sixth Supplemental Resolution. The authority granted to the Designated Representative by this Section 301 shall expire 90 days after the date of approval of this Sixth Supplemental Resolution. If a Loan Agreement for the Bonds has not been executed within 90 days after the date of final approval of this Sixth Supplemental Resolution, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by resolution of the Authority. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new Supplemental Resolution repealing this Sixth Supplemental Resolution in whole or in part or may be in the form of an amendatory resolution approving a Loan Agreement or establishing terms and conditions for the authority delegated under this Section 301.

(B) Upon the passage and approval of this Sixth Supplemental Resolution, each Designated Representative is authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Purchaser and to execute the Loan Agreement and all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Loan Agreement.

Section 302. Delivery of Bonds. The Chair, Vice Chair, Executive Director, Acting Executive Director, Chief Financial Officer and such other person or persons as may be designated by the Executive Director are specifically designated as Authorized Officers as defined in the Resolution, and they hereby are severally authorized, after execution of the Bonds, to deliver the Bonds to the Trustee for authentication under the Resolution and, upon authentication and upon receipt of the balance of the purchase price of the Bonds, to deliver to the Trustee a written order in the name of the Authority directing the Trustee to deliver the Bonds to or upon the order of the Purchaser and to receive the proceeds of sale of the Bonds and give a written receipt therefor on behalf of the Authority, to apply said proceeds and the other moneys required to be transferred or deposited in accordance with the terms of the Resolution and this Sixth Supplemental Resolution and in such manner as is required to cause the conditions precedent to the issuance of the Bonds to be complied with, and to do and perform or cause to be done and performed, for and on behalf of the Authority, all acts and things that constitute conditions precedent to the authentication and delivery of the Bonds or Sixth Supplemental Resolution

that are otherwise required or convenient to be done and performed by or on behalf of the Authority prior to or simultaneously with the delivery of the Bonds. Such Authorized Officers are hereby severally authorized for and on behalf of the Authority to do or cause to be done all acts and things required or desirable to be done by the Authority under and pursuant to the terms of the Resolution and in accordance with the terms and conditions of the Loan Agreement.

ARTICLE IV Paying Agent

Section 401. Appointment of Paving Agent. U.S. Bank National Association is appointed Paying Agent for the Bonds pursuant to Section 902 of the Resolution.

ARTICLE V Ratification

Section 501. Ratification, Confirmation and Approval. Pursuant to Section 713 of the Resolution, the Authority has assigned, pledged and transferred its rights under the Power Sales Agreement to the Trustee for the benefit of Bondholders and further agreed to enforce its terms. This Board hereby ratifies, approves and confirms the Power Sales Agreement as a valid and binding obligation of the Authority and further authorizes and directs that the Power Sales Agreement, including all amendments thereto, certified by an Authorized Officer, be filed with the Trustee.

ARTICLE VI Effective Date

Section 601. Sixth Supplemental Resolution Effective Date. This Sixth Supplemental Resolution shall take effect immediately.

Supplemental Resolution approved and adopted by the Alaska Energy Authority on December 7, 2017.



ATTEST:



SECRETARY

ALASKA ENERGY AUTHORITY



CHAIR

EXHIBIT A
BOND TERMS

LOAN AGREEMENT

LOAN AGREEMENT (the "Agreement") dated as of December __, 2017, between the ALASKA ENERGY AUTHORITY (the "Borrower"), a public corporation of the State of Alaska in the Department of Commerce, Community and Economic Development, with separate and independent legal existence, created and existing pursuant to Chapter 83, Title 44 of the Alaska Statutes (the "Act") and NATIONAL COOPERATIVE SERVICES CORPORATION ("NCSC"), a cooperative association organized and existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Borrower has applied to NCSC for a loan for the purposes set forth in Schedule 1 hereto, and NCSC is willing to make such a loan to the Borrower on the terms and conditions stated herein; and

WHEREAS, the Borrower has agreed to execute a promissory note to evidence an indebtedness in the aggregate principal amount of the Commitment (as hereinafter defined) authenticated and secured pursuant to the terms of the Bond Resolution and Bond Resolution Supplement (each as hereinafter defined).

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 Initially capitalized terms used herein shall have the meanings as set forth (i) in the above introductory paragraph, (ii) below, or (iii) elsewhere herein as indicated by such terms shown in quotation marks within parentheses. All such definitions shall be equally applicable to the singular and the plural form thereof. Initially capitalized terms that are not defined herein shall have the meanings as set forth in the Bond Resolution.

"Advance" shall mean the advance of funds by NCSC to the Borrower under the Note.

"Annual Project Cost" shall have the meaning ascribed to it in the Power Contract.

"Bond Resolution" shall have the meaning as described in Schedule 1 hereto.

"Bond Resolution Supplement" shall have the meaning as described in Schedule 1.

"Bradley Lake Project" shall mean the Bradley Lake Hydroelectric Project, as the same is described in the Bond Resolution.

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

"Closing Date" shall mean the date specified on Schedule 1.

"Commitment" shall have the meaning set forth on Schedule 1.

“Debt Service Coverage (“DSC”) Ratio” shall mean the ratio determined as follows: (a) for any fiscal year other than the Borrower’s fiscal year ending on June 30, 2022, as set forth in the Borrower’s annual audited financial statements, add (i) increase (decrease) in net position (i.e. net income or other comparable term) of the Borrower with respect to the Project, as determined in accordance with GAAP plus Depreciation and Amortization Expense, and interest on Long-Term Debt for such year, divided by (ii) the sum of all scheduled payments of principal required to be made during such year with respect to the Project and the amount of interest expense related to such period on Long-Term Debt, and (b) for the Borrower’s fiscal year ending on June 30, 2022, as set forth in the Borrower’s annual audited financial statements, add (i) increase (decrease) in net position (i.e. net income or other comparable term) of the Borrower with respect to the Project, as determined in accordance with GAAP plus Depreciation and Amortization Expense, and interest on Long-Term Debt for such year plus any amount withdrawn from the Capital Reserve Fund and used to make payment on any Bonds for the Bradley Lake Project issued prior to the date hereof, divided by (ii) the sum of all scheduled payments of principal required to be made during such year with respect to the Project and the amount of interest expense related to such period on Long-Term Debt.

“Default Rate” shall mean a rate per annum equal to the interest rate in effect for an Advance plus three hundred (300) basis points.

“Depreciation and Amortization Expense” shall mean an amount constituting the depreciation and amortization of the Borrower with respect to the Project computed pursuant to GAAP.

“Diversion Project” shall mean the Battle Creek Diversion Project, a capital improvement to the Bradley Lake Project.

“Environmental Laws” shall mean all applicable laws, rules and regulations promulgated by any Governmental Authority with which the Borrower is required to comply, regarding the use, treatment, discharge, storage, management, handling, manufacture, generation, processing, recycling, distribution, transport, release of or exposure to any Hazardous Material.

“Environmental Permits” shall mean permits or licenses issued by any Governmental Authority under applicable Environmental Laws.

“Event of Default” shall have the meaning as described in Article VI hereof.

“Fixed Rate” shall mean (i) the sum of (y) the percentage rate that expresses the yield to maturity of ten (10) year on-the-run U.S. Treasury securities, as quoted by Bloomberg data services at 1:00 p.m., New York Time, on the Closing Date plus (z) one hundred seventy five (175) basis points per annum or (ii) such other fixed rate as may be agreed to in writing by the parties.

“Fixed Rate Term” shall mean the period from the Closing Date to the Maturity Date.

“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, or any state or other political subdivision thereof, whose laws, rules and regulations the

Borrower is required to comply with, 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.

“Hazardous Material” shall mean any (a) petroleum or petroleum products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls, lead and radon gas, and (b) any other substance that is defined and regulated as hazardous or toxic or as a pollutant or contaminant in any applicable Environmental Law.

“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.

“Loan Documents” shall mean this Agreement, the Note, the Bond Resolution, the Bond Resolution Supplement and all other documents or instruments executed, delivered or executed and delivered by the Borrower and evidencing, securing, governing or otherwise pertaining to the credit facility provided, and the Advance made, by NCSC hereunder.

“Long-Term Debt” shall mean an amount constituting the long-term debt of the Borrower with respect to the Project computed pursuant to GAAP.

“Make-Whole Premium” shall mean, with respect to any Prepaid Principal Amount, an amount calculated as set forth below. The Make-Whole Premium represents NCSC’s reinvestment loss resulting from making a fixed rate loan. [Fred to review.]

(1) Compute the amount of interest (“Loan Interest”) that would have been due on the Prepaid Principal Amount at the applicable Fixed Rate for the period from the prepayment date through the end of the 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 Treasury Note 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 Treasury Note yields as reported 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 United States Treasury Note 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.

“Material Adverse Effect” shall mean a material adverse change in or material adverse effect on (a) the Project, (b) the business, assets, liabilities (actual or contingent), operations, or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, with respect to the Project, (c) the ability of the Borrower to perform any of its obligations under this Agreement or any of the other Loan Documents, (d) the validity or enforceability of this Agreement, the Note or the Bond Resolution or (e) NCSC’s rights as a Holder of Bonds to exercise the remedies set forth in Article VII hereof or as set forth in the Bond Resolution, in the manner and to the extent provided for by this Agreement and the Bond Resolution, as applicable.

“Maturity Date” shall mean July 1, 2050.

“Note” shall mean the [Secured Promissory Note], Series 2017 NCSC Note 9000, or such other title as agreed to by the parties hereof, dated as of even date herewith, payable to the order of NCSC, executed by the Borrower pursuant to this Agreement as identified on Schedule 1 hereto, 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 the Borrower to NCSC under the Loan Documents, 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.

“Power Contract” shall mean the Agreement for the Sale and Purchase of Electric Power, dated as of December 8, 1987, by and among AEA, Chugach Electric Association, Inc., Golden Valley Electric Association, Inc., Alaska Electric Generation & Transmission Cooperative, Inc. (acting on behalf of Matanuska Electric Association), Alaska Electric and Energy Cooperative, Inc., (acting on behalf of Homer Electric Association, Inc.), the Municipality of Anchorage (“ML&P”), and the City of Seward (collectively, the “Power Purchasers”), as it may have been or shall be in the future be supplemented, amended, consolidated, or restated from time to time.

“Prepaid Principal Amount” shall mean all or any part of the outstanding principal of an Advance bearing interest at the Fixed Rate paid prior to the expiration of the Fixed Rate Term applicable thereto.

“Prepayment Fee” shall mean an amount equal to 0.33% of the Prepaid Principal Amount of the Advance.

“Project” shall mean the Bradley Lake Project and the Diversion Project.

“Subsidiary” as to any Person, shall mean a corporation, partnership, limited partnership, limited liability company or other entity in which shares of stock or other ownership interests having ordinary voting power (other than such stock or other ownership interests having such voting 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 the Borrower.

“Variable Rate” shall mean the variable rate established by NCSC from time to time for loans similarly classified pursuant to NCSC’s policies and procedures then in effect.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01 The Borrower represents and warrants to NCSC that as of the Closing Date:

A. Good Standing. The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and, except where the failure to do so individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, 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. The Borrower has or had the power and authority to enter into this Agreement, the Note and the Bond Resolution; to make the borrowing contemplated hereunder and under the Note; 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 Bond Resolution, all of which have been duly authorized by all necessary and proper action; and no consent or approval of any Person 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 Bond Resolution is, and when fully executed and delivered will be, legal, valid and binding upon the Borrower and enforceable against the 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 the Borrower of the obligations hereunder and thereunder, and the transactions contemplated hereby or thereby, will not in any material respect: (i) violate any provision of law, any order, rule or regulation of any Governmental Authority, any award of any arbitrator, the Act, the Bond Resolution or any material contract, agreement, mortgage, deed of trust or other instrument to which the 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, the Bond Resolution or any such contract, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it or any of its property is bound, or result in the creation or imposition of any Lien (other than contemplated by the Bond Resolution, including the issuance of additional bonds pursuant to the terms of the Bond Resolution) upon the Project. The Borrower is not in default in any material respect under the Bond Resolution.

D. Taxes. The Borrower 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 (i) for such taxes, assessments, and Governmental Authority charges and levies which the Borrower is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside, if such reserves are

required by Accounting Requirements, or (ii) to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect.

E. Licenses and Permits. The Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate the Project that are required by Governmental Authorities and each remains valid and in full force and effect, except such as would not reasonably be expected to have a Material Adverse Effect.

F. Litigation. There are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the Project which, if adversely determined, either individually or collectively, would reasonably be expected to have a Material Adverse Effect. The Borrower is not, to the 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 reasonably be expected to have a Material Adverse Effect.

G. Financial Statements. The audited financial statements of the Borrower as of the date identified in Schedule 1 hereto heretofore furnished to NCSC, fairly present, in all material respects, the financial condition of the Borrower as at said date and fairly reflect its operations for the period ending on said date. There has been no change in the financial condition or operations of the Borrower from that set forth in said financial statements that would reasonably be expected to have a Material Adverse Effect.

H. Required Approvals. The Borrower has obtained all licenses, consents or approvals of all Governmental Authorities that the Borrower is required to obtain in order for the Borrower to enter into and perform under this Agreement, the Note and the Bond Resolution and to enter into and perform under all contracts and agreements that the Borrower has entered into or shall enter into in connection with the acquisition, construction, ownership and operation of the Project, and the purchase of power from, or the sale of power to, the Project. Each such license, consent or approval is in full force and effect.

I. Compliance With Laws. The Borrower is in compliance with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority, except for any such failures of compliance as would not reasonably be expected to have a Material Adverse Effect.

J. Disclosure. To the Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement furnished to NCSC by or on behalf of the Borrower in connection herewith (all such documents, certificates and financial statements, taken as a whole) as of the date of delivery thereof, taken as a whole, and in the light of the circumstances under which they were made, 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 materially misleading.

K. No Other Liens. The Borrower has not created, incurred, assumed or permitted to exist, any Lien on the Project other than as provided for under the Bond Resolution or as permitted by the Bond Resolution.

L. Environmental Matters. Except as to matters which individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect, (i) the Borrower is in compliance with all applicable Environmental Laws (including, but not limited to, having any

required Environmental Permits), (ii) to the best of the Borrower's knowledge, there have been no releases (other than releases remediated in compliance with applicable Environmental Laws and air emissions) from any underground or aboveground storage tanks (or piping associated therewith) that are or were present at the Project, (iii) the Borrower has not received written notice or claim of any violation of any Environmental Law from a Governmental Authority and failed to take appropriate action to remedy, cure, defend or otherwise affirmatively respond to the matter in order to comply with any Environmental Law that is the subject of such written notice or claim and relating to the Project, (iv) to the best of the Borrower's knowledge, there is no pending investigation of the Borrower in regard to any Environmental Law relating to the Project, and (v) to the best of the Borrower's knowledge, there has not been any unauthorized release or contamination (other than releases or contamination remediated in compliance with Environmental Laws) resulting from the presence of Hazardous Materials on property owned, leased or operated by the Borrower.

M. Power Contract. The Power Contract is in full force and effect and is legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with its terms, subject only to limitations on enforceability imposed by general equitable principles or applicable bankruptcy, insolvency, reorganization moratorium, or similar laws respecting creditors' rights generally. Pursuant to the Bond Resolution, the Borrower has pledged, assigned and transferred to the Trustee, acting on behalf of the Bondholders, all of its rights under the Power Contract.

To the best of the Borrower's knowledge, the Power Contract is valid and binding and enforceable against each other party thereto, subject to limitations on enforceability imposed by general equitable principles or applicable bankruptcy, insolvency, reorganization moratorium, or similar laws respecting creditors' rights generally.

ARTICLE III

LOANS

Section 3.01 Advances. NCSC agrees to make the Advance under the Note on the Closing Date, for the purpose described on Schedule 1, in an aggregate principal amount which shall not exceed the Commitment.

Section 3.02 Payment. The Note shall be payable 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 or fees, or otherwise) on the date when due, in immediately available funds, without set-off or counterclaim.

B. Maturity. The Note shall have the Maturity Date as set forth therein.

C. Application of Payments. Each payment shall be applied to the Obligations first to any fees, costs, expenses or charges other than interest or principal, second to interest accrued, and the balance to principal.

D. Invoice. NCSC will invoice the Borrower at least ten (10) days before each payment is due and shall send a copy of such invoice to the Trustee under the Bond Resolution, provided, however, that NCSC's failure to send an invoice shall not constitute a waiver by NCSC

or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein.

Section 3.03 Amortization. The principal amount of the Note shall amortize on a level principal payment basis through the Maturity Date as set forth on Schedule 2 hereto. For each Advance, the Borrower shall promptly pay (a) interest in the amount invoiced on January 1 and July 1 in each year, commencing with July 1, 2018 and (b) principal in the amount set forth on Schedule 2 hereto on July 1 in each year, commencing with July 1, 2021. 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.

Section 3.04 Interest Rate. The Note will bear interest as follows:

A. Interest Rate and Interest Rate Computation. The Advance shall bear interest at the Fixed Rate and shall be in effect for the Fixed Rate Term. Interest on the Advance shall be computed for the actual number of days elapsed on the basis of a year of 365 days, until December 31, 2020; interest shall then be computed on the basis of a 30-day month and 360-day year.

B. Default Rate.

(i) Payment Default. 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 (31st) day after the payment is due and for so long as such default continues, the Advance shall bear interest at the Default Rate.

(ii) Non-Payment Defaults. Upon the occurrence of an Event of Default, other than a payment default as set forth in Section 3.04.B(i) above, the interest rate on the Advance shall be the Default Rate until such Event of Default is cured.

(iii) No Multiples of Default Rate. Notwithstanding anything to the contrary contained in this Section 3.04.B, in the event that more than one Event of Default shall exist at any time, the aggregate interest rate applicable on the Advance pursuant to this Section 3.04.B shall be the Default Rate.

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

Section 3.05 Optional Prepayment. The Borrower may prepay all or any part of the outstanding principal of the Advance upon at least three (3) days prior written notice to NCSC. If any principal of the Advance is prepaid (whether voluntarily by the Borrower or otherwise, and regardless of the source of prepayment), then on the prepayment date there shall be due and owing, and the Borrower shall pay on the amount of principal prepaid (i) all accrued but unpaid interest, calculated up to the prepayment date, (ii) the Prepayment Fee and (iii) a Make-Whole Premium, if any.

ARTICLE IV

CONDITIONS

Section 4.01 Conditions of Closing. This Agreement shall become effective only upon the satisfaction of the following conditions as of the Closing Date:

A. Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be reasonably satisfactory to counsel for NCSC and, as to all matters of local law, to such local counsel as counsel for NCSC may retain. NCSC's execution of this Agreement shall evidence satisfaction of this condition.

B. Documents. NCSC shall have been furnished with:

- (i) the executed Loan Documents;
- (ii) certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions hereby contemplated as NCSC shall require;
- (iii) an opinion of counsel for the Borrower addressing such legal matters as NCSC shall reasonably require;
- (iv) to the extent the Note is executed and delivered under any of Section 202, 203 or 204 of the Bond Resolution, copies of all documents required to be delivered to the Trustee under such Sections relating thereto;
- (v) a copy of the Power Contract in effect on the date hereof, including any amendments thereto;
- (vi) evidence of the Borrower's allocation of New Clean Renewable Energy Bond volume cap from the U.S. Department of Treasury for the Diversion Project in an amount no less than the Commitment;
- (vii) evidence of funding of the Capital Reserve Fund so that the amount thereof is equal to Capital Reserve Fund Requirement, taking into account the loan contemplated hereby;
- (viii) an opinion of counsel from counsel to (a) each of the Power Purchasers except Seward, or (b) the Power Purchasers participating in the Diversion Project and the Borrower, as to the continued validity and enforceability of the Power Contract as to each Power Purchaser except Seward; notwithstanding the forgoing, an opinion from counsel to the Bradley Lake Management Committee on behalf of the Power Purchasers may be substituted for opinions of the Power Purchasers;
- (ix) a certificate from the General Manager (or other comparable position) and Chief Financial Officer of (a) each Power Purchaser, or (b) the Power Purchasers participating in the Diversion Project and the Borrower, to the effect that there is no litigation pending contesting the validity or enforceability of the Power Contract; and
- (x) all other such documents as NCSC may reasonably request. NCSC's execution of this Agreement shall evidence satisfaction of conditions set forth in this Section 4.01B.

C. Government Approvals. The Borrower shall have furnished to NCSC true and correct copies of all certificates, authorizations, consents, permits and licenses from

Governmental Authorities (if any) that are necessary for the execution or delivery of the Loan Documents or performance by the Borrower of the obligations thereunder.

D. Defaults. No event or condition has occurred that constitutes an Event of Default, or which upon notice or lapse of time, or both, would, unless cured or waived, become an Event of Default.

E. Material Adverse Effect. Since June 30, 2017, there shall not have occurred a material adverse change in, or a material adverse effect on the business, assets, liabilities (actual or contingent), operations or condition (financial or otherwise) of the Borrower.

F. Note Authentication. The Note shall have been duly authenticated by the Trustee as an Additional Bond secured under the Bond Resolution.

G. Compliance. The Borrower shall be in compliance with the Bond Resolution, any agreement for borrowed money and all other existing material financial obligations.

H. Litigation. There are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the Project which, if adversely determined, either individually or collectively, would reasonably be expected to have a material adverse change in, or a material adverse effect on the business, assets, liabilities (actual or contingent), operations or condition (financial or otherwise) of the Borrower.

ARTICLE V

COVENANTS

Section 5.01 Covenants. The Borrower covenants and agrees with NCSC that after the date hereof and until payment in full of the Note and performance of all obligations of the Borrower hereunder:

A. Compliance with Material Agreements. Borrower will comply, in all material respects, with the Bond Resolution, the Power Contract and all other contractual obligations binding upon it or its property

B. DSC Ratio. The Borrower shall achieve an annual DSC Ratio of not less than 1.0.

C. Loan Proceeds. The Borrower shall use the proceeds of this loan solely for the purposes identified on Schedule 1 hereto.

D. Annual Certificates. Within one hundred eighty (180) days after the close of each fiscal year, the Borrower will deliver to NCSC a written statement, in form and substance satisfactory to NCSC, either (a) signed by the Borrower's Executive Director or Chief Financial Officer or their designee, so long as such designee is an officer of the Borrower, or (b) submitted electronically through means made available to the Borrower by NCSC, stating that during such year, and that to the best of said person's knowledge, the Borrower has fulfilled all of its obligations under this Agreement, the Note, and the Bond Resolution 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. The Borrower shall also deliver to NCSC such other information as NCSC may reasonably request from time to time.

E. Financial Books; Financial Reports; Right of Inspection.

(i) Within one hundred twenty (120) days after the end of each fiscal year of the Borrower, the Borrower shall provide to NCSC a full and complete unaudited consolidated and consolidating report of its financial condition and of its operations as of the end of such fiscal year, which shall present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments.

(ii) Within one hundred eighty (180) days after the end of each fiscal year of the Borrower, the Borrower shall provide to NCSC a full and complete consolidated and consolidating report of its financial condition and of its operations as of the end of such fiscal year, reported on by independent public accountants (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with the GAAP.

(iii) Within ninety (90) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower, the Borrower shall provide to NCSC the quarterly report for the revenue and operating funds of the Project and a balance sheet and income statement (or comparable financial statement) therefor.

(iv) Within one hundred eighty (180) days after the end of each the Borrower's fiscal years during the term hereof, the Borrower shall furnish to NCSC a statement, setting forth in reasonable detail its calculation of its DSC Ratio for the prior year, signed either by its Executive Director or its Chief Financial Officer, or such other officer that reports directly or indirectly to the Chief Financial Officer.

(iv) The Borrower agrees to keep proper books of records and accounts in which full, true and correct entries, are made of all dealings and transactions in relation to its business and activities. The Borrower agrees to permit any representatives designated by NCSC, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested; *provided*, that NCSC shall keep all such information confidential (subject to any disclosure required by applicable law or judicial process).

F. RESERVED.

G. Compliance With Laws. The Borrower shall be, and remain, in compliance with all applicable requirements of law and applicable rules and regulations of each Governmental Authority except for any such failures of compliance as would not reasonably be expected to have a Material Adverse Effect on the Project.

H. Taxes. The Borrower shall pay, or cause to be paid all taxes, assessments or governmental charges lawfully levied or imposed on or against it and/or the Project prior to the time they become delinquent, except (i) for such taxes, assessments, and governmental

charges and levies which the Borrower is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside or (ii) to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect.

I. Further Assurances. The 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 are not inconsistent with the terms and conditions set forth in the Bond Resolution, which may be required under any applicable law, or which NCSC may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the pledge created or intended to be created by the Bond Resolution. The Borrower also agrees to provide to NCSC, from time to time upon request, evidence reasonably satisfactory to NCSC as to the perfection and priority, or the continued perfection and priority, of the pledge preserved, created or intended to be created by the Bond Resolution.

J. Notices.

(i) Default. Upon receipt of any notices under the Bond Resolution with respect to a default by the Borrower under the terms of the Bond Resolution or of any credit agreement or other agreement relating thereto, the Borrower shall deliver copies of such notice to NCSC.

(ii) Environmental. If Borrower receives any written communication from a Governmental Authority alleging Borrower's material violation of any Environmental Law, then Borrower shall provide NCSC with a copy thereof within thirty (30) days after receipt, and promptly take appropriate action to remedy, cure, defend, or otherwise affirmatively respond to the matter in order to comply with any Environmental Law that is the subject of such written communication.

(iii) Power Contract. Borrower shall promptly deliver to NCSC notice of any material modification of the Power Contract.

(iv) Litigation. Promptly after the commencement thereof, notice of the commencement of all actions, suits or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency or instrumentality affecting the Borrower which would reasonably be expected to have a Material Adverse Effect.

(v) Bradley Lake Hydroelectric Facility. Borrower shall promptly deliver to NCSC notice of any material event with respect to the Project.

K. Insurance. Borrower will maintain insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties similarly situated.

L. Maintenance of Existence; Licenses, Permits, etc.. The Borrower will do or cause to be done all things necessary to preserve, renew or replace and keep in full force and effect its legal existence and rights, privileges, licenses, franchises and permits with respect to the Project. Subject to law, Borrower will qualify and remain qualified as a validly existing entity

in good standing in each jurisdiction in which such qualification is necessary under applicable law.

M. Power Contract. Borrower shall enforce the provisions of the Power Contract.

Section 5.02 Negative Covenants. The Borrower covenants and agrees with NCSC that after the date hereof and until payment in full of the Note and performance of all obligations of the Borrower hereunder:

A. Termination of Power Contract. Borrower shall not terminate, and shall not consent to the termination of the Power Contract.

B. Limitation on Liens. Borrower shall not create, incur, assume or permit to exist any Lien on the Project other than as provided for under the Bond Resolution or as permitted by the Bond Resolution.

C. Power Contract. Borrower shall not amend the Power Contract so as to reduce the payments required thereunder or otherwise materially affect the security for the credit facility provided by NCSC hereunder

ARTICLE VI

EVENTS OF DEFAULT

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

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

C. Bond Resolution Obligations. An "Event of Default" as defined in the Bond Resolution, shall have occurred and be continuing, *provided, however*, that NCSC may not declare an Event of Default under this Section 6.01.C if, prior to such declaration, the "Event of Default" under the Bond Resolution has been waived or cured as provided for under the terms thereof.

D. Other NCSC Obligations. The Borrower shall be in breach or default of any Obligation, which breach or default continues uncured beyond the expiration of any applicable grace period.

E. 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 NCSC, 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 indebtedness with parties other than NCSC 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. Covenants.

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

(ii) **Thirty Day Grace Period.** Failure of the 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 the Borrower by NCSC.

G. Involuntary Bankruptcy. An involuntary case or other proceeding shall be commenced against Borrower 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 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. The dissolution, liquidation or other termination of the existence of Borrower, *provided, however*, that any such event shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger, consolidation or other reorganization of the Borrower into or with another entity following a transfer of all or substantially all its assets as an entirety, so long as the successor or resulting entity assumes the due and punctual payment of the Note and the due and punctual performance of the covenants contained in this Agreement.

J. Validity of Documents. Any material provision of this Agreement or any other Loan Document shall at any time cease to be valid and binding on Borrower, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by Borrower.

K. Monetary Judgment. The Borrower shall suffer any money judgment with respect to the Project, not covered by insurance, writ or warrant of attachment or similar process involving an amount in excess of \$5,000,000.00 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

M. Nonmonetary Judgment. One or more nonmonetary judgments or orders (including, without limitation, injunctions, writs or warrants of attachment, garnishment, execution, distraint, replevin or similar process) shall be rendered against the Borrower that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

ARTICLE VII

REMEDIES

Section 7.01 General Remedies. If any of the Events of Default listed in Article VI hereof shall occur after the date of this Agreement and shall not have been remedied within the applicable grace periods specified therein (if any), then NCSC may, subject to the terms of the Bond Resolution, as applicable:

- (i) exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter by held, by NCSC or owed to the Borrower or for the credit or account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing hereunder or under the Note. The rights of NCSC under this Section 7.01 are in addition to any other rights and remedies (including other rights of setoff or recoupment) which NCSC may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim;
- (ii) cause the trustee under the terms of the Bond Resolution to pursue all rights and remedies available to NCSC that are contemplated by the Bond Resolution in the manner, upon the conditions, and with the effect provided in the Bond Resolution, including, but not limited to, a suit for specific performance, injunctive relief or damages; and
- (iii) pursue any other rights and remedies available to NCSC at law or in equity.

Section 7.02 Concurrent Remedies. Nothing herein shall limit the right of NCSC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of NCSC 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 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 (i) when personally delivered including, without limitation, by overnight mail or courier service, (ii) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (iii) 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 (i) or (ii) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

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

The Borrower:

The address set forth in
Schedule 1 hereto

Section 8.02 Expenses. The Borrower shall reimburse NCSC for any reasonable costs and out-of-pocket expenses paid or incurred by NCSC (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions NCSC takes, or reimburses the Trustee for taking on its behalf, (a) to enforce the payment of any Obligation hereunder or under the Note, to effect collection of any of the property pledged under the Bond Resolution, or in preparation for such enforcement or collection, (b) to institute, maintain, preserve, enforce and the pledge under the Bond Resolution, whether through judicial proceedings or otherwise, (c) to restructure any of the Obligations hereunder or under the Note, (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 NCSC in connection with any of the foregoing.

The amount of all such expenses identified in this Section 8.02 shall be payable upon demand, and if not paid, shall accrue interest at the then prevailing Variable Rate plus 200 basis points.

Section 8.03 Late Payments. If payment of any amount due hereunder is not received at NCSC's office in Dulles, Virginia, or such other location as NCSC may designate to the Borrower within five (5) Business Days after the due date thereof, the Borrower will pay to NCSC, in addition to all other amounts due under the terms of the Loan Documents, any late-payment charge as may be fixed by NCSC from time to time pursuant to its policies of general application as in effect from time to time.

Section 8.04 Non-Business Day Payments. If any payment to be made by the 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 8.05 Filing Fees. To the extent permitted by law, the Borrower agrees to pay all expenses of NCSC (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of the Bond Resolution, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to execution, filing, registration or recordation of any document or instrument in connection herewith. The Borrower, payable solely as an Annual Project Cost under Section 8 of the Power Contract, agrees to save harmless and indemnify NCSC 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 NCSC in connection with this Agreement. The provisions of this Section shall survive the execution and delivery of this Agreement and the payment of all other amounts due under the Loan Documents.

Section 8.06 Waiver; Modification. No failure on the part of NCSC 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 NCSC 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, the Note or the other Loan Documents (except as otherwise provided in the Bond Resolution) and no consent to any departure by the 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 8.07 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

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

(B) THE BORROWER AND NCSC HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE ALASKA SUPERIOR COURT LOCATED IN ANCHORAGE, ALASKA FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER AND NCSC IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT EITHER OF THEM MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH COURT AND ANY CLAIM THAT SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) THE BORROWER AND NCSC 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 8.08 INDEMNIFICATION. THE BORROWER, PAYABLE SOLELY AS AN ANNUAL PROJECT COST UNDER SECTION 8 OF THE POWER CONTRACT, HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND NCSC 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 AGREEMENT AND THE OTHER LOAN DOCUMENTS, THE PROPERTY PLEDGED UNDER THE BOND RESOLUTION, 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, EXCEPTING ANY SUCH MATTERS ARISING SOLELY FROM, AND TO THE EXTENT OF, THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF NCSC OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.10 HEREOF, THE OBLIGATIONS IMPOSED UPON THE BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE NOTE, THE TERMINATION OF THIS AGREEMENT AND THE TERMINATION OR RELEASE OF THE LIEN OF THE BOND RESOLUTION.

Section 8.09 Complete Agreement. This Agreement, together with the schedules to this Agreement, the Note 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 (other than the Bond Resolution), the terms and provisions of this Agreement shall control.

Section 8.10 Survival; Successors and Assigns. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall survive the execution and delivery to NCSC of the Loan Documents and the making of the Advances 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 the Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of NCSC. Unless otherwise required by law, the Borrower shall not assign its rights or obligations under this Agreement without the prior written consent of NCSC.

Section 8.11 Use of Terms. The use of the singular herein shall also refer to the plural, and vice versa.

Section 8.12 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 8.13 Severability. If any term, provision or condition, or any part thereof, of this Agreement, the Note 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, the Note 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 8.14 Binding Effect. This Agreement shall become effective when it shall have been executed by both the Borrower and NCSC and thereafter shall be binding upon and inure to the benefit of the Borrower and NCSC and their respective successors and assigns as provided in Section 8.10.

Section 8.15 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 8.16 Schedule. Schedule 1 is an integral part of this Agreement.

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

ALASKA ENERGY AUTHORITY

By: _____

Title: _____

Attest: _____

Title: _____

**NATIONAL COOPERATIVE
SERVICES CORPORATION**

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

SCHEDULE 1

1. The purpose of the Advance is to finance capital costs of the Diversion Project and pay Note issuance costs.
2. The aggregate NCSC Commitment is \$[40,000,000.00].
3. The Closing Date referred to in Section 1.01 is _____ or on such other Business Day thereafter as may be agreed to by the Borrower and NCSC, so long as all the conditions set forth in Section 4.01 have been fulfilled.
4. The Bond Resolution referred to in Section 1.01 is Resolution No. 1989-12 of the Borrower, adopted by the Board of Directors of the Borrower on September 7, 1989, as it may have been or shall be in the future be supplemented, amended, consolidated, or restated from time to time, including by the Bond Resolution Supplement.
5. The Bond Resolution Supplement referred to in Section 1.01 is that certain Supplemental Resolution No. 2017-____, adopted by the Board of Directors of the Borrower on December 7, 2017, as it may have been or shall be in the future be supplemented, amended, consolidated, or restated from time to time.
6. The Note executed pursuant hereto is as follows:

LOAN NUMBER	AMOUNT
AK403-A-9000	\$[40,000,000.00]

7. The date of the balance sheet and statement of operations referred to in Section 2.01.G is June 30, 2017.
8. The address for notices to the Borrower referred to in Section 8.01 is:

If by personal delivery (including overnight mail or courier service):

Alaska Energy Authority

Attention: _____

If by United States Mail

Attention: _____

If by facsimile:

Fax: _____

SCHEDULE 2

[insert principal payment schedule]

ALASKA ENERGY AUTHORITY

RESOLUTION NO. 2017-08

**A SUPPLEMENTAL RESOLUTION AUTHORIZING
THE ISSUANCE, SALE AND DELIVERY OF
POWER REVENUE BONDS, EIGHTH SERIES
(BATTLE CREEK DIVERSION PROJECT), IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO
EXCEED \$1,239,000 AND DETERMINING
RELATED MATTERS**

Adopted December 7, 2017

TABLE OF CONTENTS

	Page
ARTICLE I	
Definitions and Authority	
Section 101. Short Title.	1
Section 102. Definitions.	1
Section 103. Authority for this Resolution.	2
ARTICLE II	
Authorization; Terms and Issuance	
Section 201. Authorization, Principal Amount, Interest Rate, Designation and Series.	2
Section 202. Purposes; Construction Fund; Reserve Fund.	3
Section 203. Issue Date and Form; Book-Entry.	3
Section 204. Places and Manner of Payment.	4
Section 205. Maturities and Interest Rates.	5
Section 206. Numbers and Letters.	5
Section 207. Redemption.	5
Section 208. No Redemption of Bonds from Construction Fund Moneys.	5
ARTICLE III	
Sale and Delivery of Bonds	
Section 301. Sale of Bonds.	5
Section 302. Delivery of Bonds.	6
ARTICLE IV	
Paying Agent	
Section 401. Appointment of Paving Agent.	7
ARTICLE V	
Ratification	
Section 501. Ratification, Confirmation and Approval.	7
ARTICLE VI	
Effective Date	
Section 601. Seventh Supplemental Resolution Effective Date.	7

Exhibit A Bond Terms

ALASKA ENERGY AUTHORITY

RESOLUTION NO. 2017-08

A SUPPLEMENTAL RESOLUTION AUTHORIZING
THE ISSUANCE, SALE AND DELIVERY OF
POWER REVENUE BONDS, EIGHTH SERIES
(BATTLE CREEK DIVERSION PROJECT), IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO
EXCEED \$1,239,000 AND DETERMINING
RELATED MATTERS

BE IT RESOLVED by the Board of Directors of the Alaska Energy Authority on the 7th day of December, 2017 that pursuant to the Power Revenue Bond Resolution adopted on September 7, 1989, (hereinafter referred to as the “Resolution”), this Supplemental Resolution is adopted as follows:

ARTICLE I
Definitions and Authority

Section 101. Short Title. This resolution may hereafter be cited by the Authority, and is hereinafter sometimes referred to, as the “Seventh Supplemental Resolution.”

Section 102. Definitions.

(A) All defined terms contained in the Resolution shall have the same meanings in this Seventh Supplemental Resolution as such defined terms are given in Section 102 of the Resolution.

(B) In addition, as used in this Seventh Supplemental Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

Authorized Denomination means \$25,000 and integral multiples of \$1.00 in excess thereof.

Beneficial Owner means the person in whose name a Bond is recorded as the beneficial owner of such Bond by the respective systems of DTC and the DTC Participants or the registered owner of the Bond if the Bond is not then held in book-entry form under Section 203.

Bonds means the Eighth Series Bonds.

Code means the Internal Code of 1986, as amended.

Continuing Disclosure Agreement means the Continuing Disclosure Agreement, if any, executed by the Authority and dated the date of the Bonds are issued and as it may be amended from time to time in accordance with the terms thereof.

Designated Representative means the Authority's Executive Director, Acting Executive Director and Chief Financial Officer.

DTC means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

DTC Participant means a trust company, bank, broker, dealer, clearing corporation and any other organization that is a participant of DTC.

Diversion Project means the Battle Creek Diversion Project which is a Capital Improvement approved by the Committee as Optional Project Work.

Eighth Series Bonds means the Bonds of the Authority authorized by this Seventh Supplemental Resolution and herein designated "Power Revenue Bonds, Eighth Series."

Fixed Rate of Interest means (i) the sum of (y) the percentage rate that expresses the yield to maturity of the ten (10) year on-the-run U.S. Treasury securities, as quoted by Bloomberg data services, on or about the date of issuance of the Bonds plus (z) 175 basis points per annum, or (ii) such other fixed rate approved by the Designated Representative pursuant to Section 301 hereof.

Letter of Representations means the Blanket Issuer Letter of Representations dated October 24, 1997, from the Authority to DTC.

Loan Agreement means that certain loan agreement, or similar type agreement, between the Authority and the Purchaser relating to the sale of the Bonds.

Purchaser means National Cooperative Services Corporation.

Section 103. Authority for this Resolution. This Seventh Supplemental Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

Authorization; Terms and Issuance

Section 201. Authorization, Principal Amount, Interest Rate, Designation and Series.

(A) In order to provide funds necessary for the purposes specified in Section 204 of the Resolution, in accordance with and subject to the terms, conditions and limitations established herein and in the Resolution, a Series of Power Revenue Bonds is hereby authorized to be issued in an aggregate principal amount not to exceed \$1,239,000. The Bonds are being

issued for the purpose of financing a portion of the costs of the Diversion Project. The Bonds of such Series shall be designated and entitled "Power Revenue Bonds, Eighth Series (Battle Creek Diversion Project)."

(B) The Bonds shall bear interest at the Fixed Rate of Interest.

(C) The Authority hereby designates the Bonds as "Qualified Energy Conservation Bonds" for purposes of Section 54D(a)(3) of the Code.

(D) The Authority hereby finds and determines that the establishment in the Resolution of the Capital Reserve Fund will enhance the marketability of the Bonds.

Section 202. Purposes; Construction Fund; Reserve Fund.

(A) The purpose for which the Bonds are being issued is to finance costs and expenses of planning, designing, acquiring, and construction of the Diversion Project. The Authority is of the opinion and hereby determines that the Diversion Project is an addition, betterment or expansion of the Project. The Committee has, by resolution, deemed the Diversion Project as Optional Project Work pursuant to the terms of the Power Sales Agreement.

(B) There is hereby established within the Construction Fund the Eighth Series Construction Account. The Trustee shall deposit proceeds of the Bonds into the Eighth Series Construction Account and shall hold such proceeds for the payment of Costs of Acquisition and Construction of the Diversion Project in accordance with Section 503 of the Resolution; provided, however, that the Designated Representative may instruct the Trustee to hold a portion of such proceeds or such other amounts for payment of Costs of Issuance, and the Trustee shall apply such proceeds or such other amounts to pay such costs as instructed by the Designated Representative.

(C) There is hereby established within the Capital Reserve Fund the Eighth Series Capital Reserve Account. The Trustee shall deposit available amounts provided by the Authority into the Eighth Series Capital Reserve Account and hold such amounts in accordance with Section 508 of the Resolution.

Section 203. Issue Date and Form; Book-Entry.

(A) The Bonds shall be dated as of the date of delivery of the Bonds to the Purchaser.

(B) The Bonds shall be registered initially in the name of the Purchaser of the Bonds, and shall be issued initially in the form of a single Bond with principal installments for each maturity. Registered ownership of the Bonds, or any portions thereof, may not thereafter be transferred except as provided in paragraph (D) below.

(C) The Authority confirms its appointment of the Trustee to serve as the Bond

Registrar under the terms of the Resolution.

(D) In the case of any transfer of ownership of the Bonds, the Trustee shall, upon receipt of all Outstanding Bonds, together with a written request of an Authorized Officer and a supply of new Bonds authenticate a single new Bond with principal installments for each maturity in the amount of such maturity or new Bonds, in Authorized Denominations, for each maturity of Bonds then Outstanding, registered in the name of a new person, entity or depository, or its nominee, as the case may be, all as specified in such written request.

(E) If the Bonds are subsequently held in book-entry form under this Section, the Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of principal or Redemption Price of and interest on such Bonds, selecting such Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution, registering the transfer of such Bonds and obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. Neither the Authority nor the Trustee shall have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC Participant, or any other person not shown on the registration books of the Trustee as being a registered owner with respect to the accuracy of any records maintained by DTC or any DTC Participant, the payment by DTC or any DTC Participant of any amount in respect of the principal or Redemption Price of or interest on the Bonds, any notice which is permitted or required to be given to Bondholders under the Resolution, the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay from monies available under the Resolution all principal and Redemption Price of and interest on Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal or Redemption Price of and interest on the Bonds to the extent of the sum or sums so paid.

Section 204. Places and Manner of Payment. Payment of interest on the Bonds will be made by check or draft mailed by first class mail to the registered owner at the address appearing on the bond register of the Authority kept at the corporate trust office of the Trustee, or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of Bonds received at least 15 days prior to an interest payment date, by wire transfer in immediately available funds to an account in the United States of America designated by such registered owner; principal of the Bonds will be made by check or draft mailed by first class mail to the registered owner at the address appearing on the bond register of the Authority kept at the corporate trust office of the Trustee with the final installment of principal payable at the corporate trust office of the Trustee upon surrender of the Bonds representing such principal. Both principal of and interest on the Bonds are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. If all the Outstanding Bonds shall subsequently be registered in the name of "Cede & Co.," or its registered assigns, as nominee of DTC,

payment of principal and interest thereon shall be made as provided in the Letter of Representations and the operational arrangements referred to therein as amended from time to time.

Section 205. Maturities and Interest Rates. The Bonds shall be issued in Authorized Denominations, shall mature no later than July 1, 2050, and shall bear interest at the Fixed Rate of Interest, all as further determined by the Designated Representative pursuant to Section 301 hereof.

Section 206. Numbers and Letters. Bonds shall be numbered and lettered in such manner as the Designated Representative shall determine prior to delivery thereof.

Section 207. Redemption. The Bonds shall be subject to redemption (including redemption by application of sinking fund payments) as determined by the Designated Representative pursuant to Section 301 hereof.

Section 208. No Redemption of Bonds from Construction Fund Moneys. The Bonds shall not be subject to redemption pursuant to subsection 503(8) of the Resolution.

ARTICLE III

Sale and Delivery of Bonds

Section 301. Sale of Bonds.

(A) The Bonds shall be sold at negotiated sale to the Purchaser pursuant to the terms of the Loan Agreement. The Designated Representative is hereby authorized to negotiate terms for the purchase of the Bonds, review, approve and execute the Loan Agreement, with such terms as are approved by him or her pursuant to this Section and consistent with this Seventh Supplemental Resolution. The Authority's financial advisor has advised the Authority that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a scheduled meeting date of the Authority. The Authority has determined that it would be in the best interest of the Authority to delegate to the Designated Representative for a limited time the authority to approve the final interest rate or rates, aggregate principal amount, interest payment dates, terms of redemption and redemption rights and principal amounts of each principal installment/maturity date of the Bonds. The Designated Representative is hereby authorized to approve the final interest rate or rates, interest payment dates, principal installment/maturity dates, principal installments/maturities, terms of redemption and redemption rights for the Bonds in the manner provided hereafter so long as the aggregate principal amount of the Bonds does not exceed \$1,239,000; provided, however, that notwithstanding the foregoing the Designated Representative is not authorized, empowered, or directed to execute or deliver the Loan Agreement until the Committee, or its designee for the Diversion Project, shall have approved the final terms of the Loan Agreement and shall have requested the Authority to execute and deliver the Loan Agreement.

In determining the final interest rate or rates, interest rate payment date or dates,

aggregate principal amount, principal installment/maturity dates, principal installment/maturities, terms of redemption and redemption rights, the Designated Representative, in consultation with Authority staff and the Authority's financial advisor shall take into account those factors that, in his or her judgment, will result in the most favorable terms for the Bonds, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds.

Subject to the terms and conditions set forth in this Section 301, the Designated Representative is hereby authorized to execute the final form of the Loan Agreement, upon the Designated Representative's approval of the final interest rate or rates, interest payment dates, aggregate principal amount, principal installment/maturities, terms of redemption and redemption rights set forth therein. Such terms shall be set forth in Exhibit A to the Loan Agreement and an exhibit setting forth such final terms of the Bonds shall be attached to this Seventh Supplemental Resolution as Exhibit A, and thereby incorporated into this Seventh Supplemental Resolution. The authority granted to the Designated Representative by this Section 301 shall expire 90 days after the date of approval of this Seventh Supplemental Resolution. If a Loan Agreement for the Bonds has not been executed within 90 days after the date of final approval of this Seventh Supplemental Resolution, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by resolution of the Authority. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new Supplemental Resolution repealing this Seventh Supplemental Resolution in whole or in part or may be in the form of an amendatory resolution approving a Loan Agreement or establishing terms and conditions for the authority delegated under this Section 301.

(B) Upon the passage and approval of this Seventh Supplemental Resolution, each Designated Representative is authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Purchaser and to execute the Loan Agreement and all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Loan Agreement.

Section 302. Delivery of Bonds. The Chair, Vice Chair, Executive Director, the Acting Executive Director, Chief Financial Officer and such other person or persons as may be designated by the Executive Director are specifically designated as Authorized Officers as defined in the Resolution, and they hereby are severally authorized, after execution of the Bonds, to deliver the Bonds to the Trustee for authentication under the Resolution and, upon authentication and upon receipt of the balance of the purchase price of the Bonds, to deliver to the Trustee a written order in the name of the Authority directing the Trustee to deliver the Bonds to or upon the order of the Purchaser and to receive the proceeds of sale of the Bonds and give a written receipt therefor on behalf of the Authority, to apply said proceeds and the other moneys required to be transferred or deposited in accordance with the terms of the Resolution and this Seventh Supplemental Resolution and in such manner as is required to cause the conditions precedent to the issuance of the Bonds to be complied with, and to do and perform or cause to be done and performed, for and on behalf of the Authority, all acts and things that constitute conditions precedent to the authentication and delivery of the Bonds

or that are otherwise required or convenient to be done and performed by or on behalf of the Authority prior to or simultaneously with the delivery of the Bonds. Such Authorized Officers are hereby severally authorized for and on behalf of the Authority to do or cause to be done all acts and things required or desirable to be done by the Authority under and pursuant to the terms of the Resolution and in accordance with the terms and conditions of the Loan Agreement.

ARTICLE IV Paying Agent

Section 401. Appointment of Paving Agent. U.S. Bank National Association is appointed Paying Agent for the Bonds pursuant to Section 902 of the Resolution.

ARTICLE V Ratification

Section 501. Ratification, Confirmation and Approval. Pursuant to Section 713 of the Resolution, the Authority has assigned, pledged and transferred its rights under the Power Sales Agreement to the Trustee for the benefit of Bondholders and further agreed to enforce its terms. This Board hereby ratifies, approves and confirms the Power Sales Agreement as a valid and binding obligation of the Authority and further authorizes and directs that the Power Sales Agreement, including all amendments thereto, certified by an Authorized Officer, be filed with the Trustee.

ARTICLE VI Effective Date

Section 601. Seventh Supplemental Resolution Effective Date. This Seventh Supplemental Resolution shall take effect immediately.

Supplemental Resolution approved and adopted by the Alaska Energy Authority on December 7, 2017.

[SEAL]

ATTEST:



SECRETARY



ALASKA ENERGY AUTHORITY



CHAIR

EXHIBIT A

BOND TERMS

LOAN AGREEMENT

LOAN AGREEMENT (the "Agreement") dated as of December __, 2017, between the ALASKA ENERGY AUTHORITY (the "Borrower"), a public corporation of the State of Alaska in the Department of Commerce, Community and Economic Development, with separate and independent legal existence, created and existing pursuant to Chapter 83, Title 44 of the Alaska Statutes (the "Act") and NATIONAL COOPERATIVE SERVICES CORPORATION ("NCSC"), a cooperative association organized and existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Borrower has applied to NCSC for a loan for the purposes set forth in Schedule 1 hereto, and NCSC is willing to make such a loan to the Borrower on the terms and conditions stated herein; and

WHEREAS, the Borrower has agreed to execute a promissory note to evidence an indebtedness in the aggregate principal amount of the Commitment (as hereinafter defined) authenticated and secured pursuant to the terms of the Bond Resolution and Bond Resolution Supplement (each as hereinafter defined).

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 Initially capitalized terms used herein shall have the meanings as set forth (i) in the above introductory paragraph, (ii) below, or (iii) elsewhere herein as indicated by such terms shown in quotation marks within parentheses. All such definitions shall be equally applicable to the singular and the plural form thereof. Initially capitalized terms that are not defined herein shall have the meanings as set forth in the Bond Resolution.

"Advance" shall mean the advance of funds by NCSC to the Borrower under the Note.

"Annual Project Cost" shall have the meaning ascribed to it in the Power Contract.

"Bond Resolution" shall have the meaning as described in Schedule 1 hereto.

"Bond Resolution Supplement" shall have the meaning as described in Schedule 1.

"Bradley Lake Project" shall mean the Bradley Lake Hydroelectric Project, as the same is described in the Bond Resolution.

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

"Closing Date" shall mean the date specified on Schedule 1.

"Commitment" shall have the meaning set forth on Schedule 1.

“Debt Service Coverage (“DSC”) Ratio” shall mean the ratio determined as follows: (a) for any fiscal year other than the Borrower’s fiscal year ending on June 30, 2022, as set forth in the Borrower’s annual audited financial statements, add (i) increase (decrease) in net position (i.e. net income or other comparable term) of the Borrower with respect to the Project, as determined in accordance with GAAP plus Depreciation and Amortization Expense, and interest on Long-Term Debt for such year, divided by (ii) the sum of all scheduled payments of principal required to be made during such year with respect to the Project and the amount of interest expense related to such period on Long-Term Debt, and (b) for the Borrower’s fiscal year ending on June 30, 2022, as set forth in the Borrower’s annual audited financial statements, add (i) increase (decrease) in net position (i.e. net income or other comparable term) of the Borrower with respect to the Project, as determined in accordance with GAAP plus Depreciation and Amortization Expense, and interest on Long-Term Debt for such year plus any amount withdrawn from the Capital Reserve Fund and used to make payment on any Bonds for the Bradley Lake Project issued prior to the date hereof, divided by (ii) the sum of all scheduled payments of principal required to be made during such year with respect to the Project and the amount of interest expense related to such period on Long-Term Debt.

“Default Rate” shall mean a rate per annum equal to the interest rate in effect for an Advance plus three hundred (300) basis points.

“Depreciation and Amortization Expense” shall mean an amount constituting the depreciation and amortization of the Borrower with respect to the Project computed pursuant to GAAP.

“Diversion Project” shall mean the Battle Creek Diversion Project, a capital improvement to the Bradley Lake Project.

“Environmental Laws” shall mean all applicable laws, rules and regulations promulgated by any Governmental Authority with which the Borrower is required to comply, regarding the use, treatment, discharge, storage, management, handling, manufacture, generation, processing, recycling, distribution, transport, release of or exposure to any Hazardous Material.

“Environmental Permits” shall mean permits or licenses issued by any Governmental Authority under applicable Environmental Laws.

“Event of Default” shall have the meaning as described in Article VI hereof.

“Fixed Rate” shall mean (i) the sum of (y) the percentage rate that expresses the yield to maturity of ten (10) year on-the-run U.S. Treasury securities, as quoted by Bloomberg data services at 1:00 p.m., New York Time, on the Closing Date plus (z) one hundred seventy five (175) basis points per annum or (ii) such other fixed rate as may be agreed to in writing by the parties.

“Fixed Rate Term” shall mean the period from the Closing Date to the Maturity Date.

“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, or any state or other political subdivision thereof, whose laws, rules and regulations the

Borrower is required to comply with, 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.

“Hazardous Material” shall mean any (a) petroleum or petroleum products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls, lead and radon gas, and (b) any other substance that is defined and regulated as hazardous or toxic or as a pollutant or contaminant in any applicable Environmental Law.

“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.

“Loan Documents” shall mean this Agreement, the Note, the Bond Resolution, the Bond Resolution Supplement and all other documents or instruments executed, delivered or executed and delivered by the Borrower and evidencing, securing, governing or otherwise pertaining to the credit facility provided, and the Advance made, by NCSC hereunder.

“Long-Term Debt” shall mean an amount constituting the long-term debt of the Borrower with respect to the Project computed pursuant to GAAP.

“Make-Whole Premium” shall mean, with respect to any Prepaid Principal Amount, an amount calculated as set forth below. The Make-Whole Premium represents NCSC’s reinvestment loss resulting from making a fixed rate loan. [Fred to review.]

(1) Compute the amount of interest (“Loan Interest”) that would have been due on the Prepaid Principal Amount at the applicable Fixed Rate for the period from the prepayment date through the end of the 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 Treasury Note 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 Treasury Note yields as reported 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 United States Treasury Note 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.

“Material Adverse Effect” shall mean a material adverse change in or material adverse effect on (a) the Project, (b) the business, assets, liabilities (actual or contingent), operations, or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, with respect to the Project, (c) the ability of the Borrower to perform any of its obligations under this Agreement or any of the other Loan Documents, (d) the validity or enforceability of this Agreement, the Note or the Bond Resolution or (e) NCSC’s rights as a Holder of Bonds to exercise the remedies set forth in Article VII hereof or as set forth in the Bond Resolution, in the manner and to the extent provided for by this Agreement and the Bond Resolution, as applicable.

“Maturity Date” shall mean July 1, 2050.

“Note” shall mean the [Secured Promissory Note], Series 2017 NCSC Note 9001, or such other title as agreed to by the parties hereof, dated as of even date herewith, payable to the order of NCSC, executed by the Borrower pursuant to this Agreement as identified on Schedule 1 hereto, 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 the Borrower to NCSC under the Loan Documents, 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.

“Power Contract” shall mean the Agreement for the Sale and Purchase of Electric Power, dated as of December 8, 1987, by and among AEA, Chugach Electric Association, Inc., Golden Valley Electric Association, Inc., Alaska Electric Generation & Transmission Cooperative, Inc. (acting on behalf of Matanuska Electric Association), Alaska Electric and Energy Cooperative, Inc., (acting on behalf of Homer Electric Association, Inc.), the Municipality of Anchorage (“ML&P”), and the City of Seward (collectively, the “Power Purchasers”), as it may have been or shall be in the future be supplemented, amended, consolidated, or restated from time to time.

“Prepaid Principal Amount” shall mean all or any part of the outstanding principal of an Advance bearing interest at the Fixed Rate paid prior to the expiration of the Fixed Rate Term applicable thereto.

“Prepayment Fee” shall mean an amount equal to 0.33% of the Prepaid Principal Amount of the Advance.

“Project” shall mean the Bradley Lake Project and the Diversion Project.

“Subsidiary” as to any Person, shall mean a corporation, partnership, limited partnership, limited liability company or other entity in which shares of stock or other ownership interests having ordinary voting power (other than such stock or other ownership interests having such voting 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 the Borrower.

“Variable Rate” shall mean the variable rate established by NCSC from time to time for loans similarly classified pursuant to NCSC’s policies and procedures then in effect.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01 The Borrower represents and warrants to NCSC that as of the Closing Date:

A. Good Standing. The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and, except where the failure to do so individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, 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. The Borrower has or had the power and authority to enter into this Agreement, the Note and the Bond Resolution; to make the borrowing contemplated hereunder and under the Note; 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 Bond Resolution, all of which have been duly authorized by all necessary and proper action; and no consent or approval of any Person 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 Bond Resolution is, and when fully executed and delivered will be, legal, valid and binding upon the Borrower and enforceable against the 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 the Borrower of the obligations hereunder and thereunder, and the transactions contemplated hereby or thereby, will not in any material respect: (i) violate any provision of law, any order, rule or regulation of any Governmental Authority, any award of any arbitrator, the Act, the Bond Resolution or any material contract, agreement, mortgage, deed of trust or other instrument to which the 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, the Bond Resolution or any such contract, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it or any of its property is bound, or result in the creation or imposition of any Lien (other than contemplated by the Bond Resolution, including the issuance of additional bonds pursuant to the terms of the Bond Resolution) upon the Project. The Borrower is not in default in any material respect under the Bond Resolution.

D. Taxes. The Borrower 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 (i) for such taxes, assessments, and Governmental Authority charges and levies which the Borrower is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside, if such reserves are

required by Accounting Requirements, or (ii) to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect.

E. Licenses and Permits. The Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate the Project that are required by Governmental Authorities and each remains valid and in full force and effect, except such as would not reasonably be expected to have a Material Adverse Effect.

F. Litigation. There are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the Project which, if adversely determined, either individually or collectively, would reasonably be expected to have a Material Adverse Effect. The Borrower is not, to the 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 reasonably be expected to have a Material Adverse Effect.

G. Financial Statements. The audited financial statements of the Borrower as of the date identified in Schedule 1 hereto heretofore furnished to NCSC, fairly present, in all material respects, the financial condition of the Borrower as at said date and fairly reflect its operations for the period ending on said date. There has been no change in the financial condition or operations of the Borrower from that set forth in said financial statements that would reasonably be expected to have a Material Adverse Effect.

H. Required Approvals. The Borrower has obtained all licenses, consents or approvals of all Governmental Authorities that the Borrower is required to obtain in order for the Borrower to enter into and perform under this Agreement, the Note and the Bond Resolution and to enter into and perform under all contracts and agreements that the Borrower has entered into or shall enter into in connection with the acquisition, construction, ownership and operation of the Project, and the purchase of power from, or the sale of power to, the Project. Each such license, consent or approval is in full force and effect.

I. Compliance With Laws. The Borrower is in compliance with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority, except for any such failures of compliance as would not reasonably be expected to have a Material Adverse Effect.

J. Disclosure. To the Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement furnished to NCSC by or on behalf of the Borrower in connection herewith (all such documents, certificates and financial statements, taken as a whole) as of the date of delivery thereof, taken as a whole, and in the light of the circumstances under which they were made, 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 materially misleading.

K. No Other Liens. The Borrower has not created, incurred, assumed or permitted to exist, any Lien on the Project other than as provided for under the Bond Resolution or as permitted by the Bond Resolution.

L. Environmental Matters. Except as to matters which individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect, (i) the Borrower is in compliance with all applicable Environmental Laws (including, but not limited to, having any

required Environmental Permits), (ii) to the best of the Borrower's knowledge, there have been no releases (other than releases remediated in compliance with applicable Environmental Laws and air emissions) from any underground or aboveground storage tanks (or piping associated therewith) that are or were present at the Project, (iii) the Borrower has not received written notice or claim of any violation of any Environmental Law from a Governmental Authority and failed to take appropriate action to remedy, cure, defend or otherwise affirmatively respond to the matter in order to comply with any Environmental Law that is the subject of such written notice or claim and relating to the Project, (iv) to the best of the Borrower's knowledge, there is no pending investigation of the Borrower in regard to any Environmental Law relating to the Project, and (v) to the best of the Borrower's knowledge, there has not been any unauthorized release or contamination (other than releases or contamination remediated in compliance with Environmental Laws) resulting from the presence of Hazardous Materials on property owned, leased or operated by the Borrower.

M. Power Contract. The Power Contract is in full force and effect and is legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with its terms, subject only to limitations on enforceability imposed by general equitable principles or applicable bankruptcy, insolvency, reorganization moratorium, or similar laws respecting creditors' rights generally. Pursuant to the Bond Resolution, the Borrower has pledged, assigned and transferred to the Trustee, acting on behalf of the Bondholders, all of its rights under the Power Contract.

To the best of the Borrower's knowledge, the Power Contract is valid and binding and enforceable against each other party thereto, subject to limitations on enforceability imposed by general equitable principles or applicable bankruptcy, insolvency, reorganization moratorium, or similar laws respecting creditors' rights generally.

ARTICLE III

LOANS

Section 3.01 Advances. NCSC agrees to make the Advance under the Note on the Closing Date, for the purpose described on Schedule 1, in an aggregate principal amount which shall not exceed the Commitment.

Section 3.02 Payment. The Note shall be payable 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 or fees, or otherwise) on the date when due, in immediately available funds, without set-off or counterclaim.

B. Maturity. The Note shall have the Maturity Date as set forth therein.

C. Application of Payments. Each payment shall be applied to the Obligations first to any fees, costs, expenses or charges other than interest or principal, second to interest accrued, and the balance to principal.

D. Invoice. NCSC will invoice the Borrower at least ten (10) days before each payment is due and shall send a copy of such invoice to the Trustee under the Bond Resolution, provided, however, that NCSC's failure to send an invoice shall not constitute a waiver by NCSC

or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein.

Section 3.03 Amortization. The principal amount of the Note shall amortize on a level principal payment basis through the Maturity Date as set forth on Schedule 2 hereto. For each Advance, the Borrower shall promptly pay (a) interest in the amount invoiced on January 1 and July 1 in each year, commencing with July 1, 2018 and (b) principal in the amount set forth on Schedule 2 hereto on July 1 in each year, commencing with July 1, 2021. 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.

Section 3.04 Interest Rate. The Note will bear interest as follows:

A. Interest Rate and Interest Rate Computation. The Advance shall bear interest at the Fixed Rate and shall be in effect for the Fixed Rate Term. Interest on the Advance shall be computed for the actual number of days elapsed on the basis of a year of 365 days, until December 31, 2020; interest shall then be computed on the basis of a 30-day month and 360-day year.

B. Default Rate.

(i) Payment Default. 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 (31st) day after the payment is due and for so long as such default continues, the Advance shall bear interest at the Default Rate.

(ii) Non-Payment Defaults. Upon the occurrence of an Event of Default, other than a payment default as set forth in Section 3.04.B(i) above, the interest rate on the Advance shall be the Default Rate until such Event of Default is cured.

(iii) No Multiples of Default Rate. Notwithstanding anything to the contrary contained in this Section 3.04.B, in the event that more than one Event of Default shall exist at any time, the aggregate interest rate applicable on the Advance pursuant to this Section 3.04.B shall be the Default Rate.

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

Section 3.05 Optional Prepayment. The Borrower may prepay all or any part of the outstanding principal of the Advance upon at least three (3) days prior written notice to NCSC. If any principal of the Advance is prepaid (whether voluntarily by the Borrower or otherwise, and regardless of the source of prepayment), then on the prepayment date there shall be due and owing, and the Borrower shall pay on the amount of principal prepaid (i) all accrued but unpaid interest, calculated up to the prepayment date, (ii) the Prepayment Fee and (iii) a Make-Whole Premium, if any.

ARTICLE IV

CONDITIONS

Section 4.01 Conditions of Closing. This Agreement shall become effective only upon the satisfaction of the following conditions as of the Closing Date:

A. Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be reasonably satisfactory to counsel for NCSC and, as to all matters of local law, to such local counsel as counsel for NCSC may retain. NCSC's execution of this Agreement shall evidence satisfaction of this condition.

B. Documents. NCSC shall have been furnished with:

- (i) the executed Loan Documents;
- (ii) certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions hereby contemplated as NCSC shall require;
- (iii) an opinion of counsel for the Borrower addressing such legal matters as NCSC shall reasonably require;
- (iv) to the extent the Note is executed and delivered under any of Section 202, 203 or 204 of the Bond Resolution, copies of all documents required to be delivered to the Trustee under such Sections relating thereto;
- (v) a copy of the Power Contract in effect on the date hereof, including any amendments thereto;
- (vi) evidence of the Borrower's allocation of New Clean Renewable Energy Bond volume cap from the U.S. Department of Treasury for the Diversion Project in an amount no less than the Commitment;
- (vii) evidence of funding of the Capital Reserve Fund so that the amount thereof is equal to Capital Reserve Fund Requirement, taking into account the loan contemplated hereby;
- (viii) an opinion of counsel from counsel to (a) each of the Power Purchasers except Seward, or (b) the Power Purchasers participating in the Diversion Project and the Borrower, as to the continued validity and enforceability of the Power Contract as to each Power Purchaser except Seward; notwithstanding the forgoing, an opinion from counsel to the Bradley Lake Management Committee on behalf of the Power Purchasers may be substituted for opinions of the Power Purchasers;
- (ix) a certificate from the General Manager (or other comparable position) and Chief Financial Officer of (a) each Power Purchaser, or (b) the Power Purchasers participating in the Diversion Project and the Borrower, to the effect that there is no litigation pending contesting the validity or enforceability of the Power Contract; and
- (x) all other such documents as NCSC may reasonably request. NCSC's execution of this Agreement shall evidence satisfaction of conditions set forth in this Section 4.01B.

C. Government Approvals. The Borrower shall have furnished to NCSC true and correct copies of all certificates, authorizations, consents, permits and licenses from

Governmental Authorities (if any) that are necessary for the execution or delivery of the Loan Documents or performance by the Borrower of the obligations thereunder.

D. Defaults. No event or condition has occurred that constitutes an Event of Default, or which upon notice or lapse of time, or both, would, unless cured or waived, become an Event of Default.

E. Material Adverse Effect. Since June 30, 2017, there shall not have occurred a material adverse change in, or a material adverse effect on the business, assets, liabilities (actual or contingent), operations or condition (financial or otherwise) of the Borrower.

F. Note Authentication. The Note shall have been duly authenticated by the Trustee as an Additional Bond secured under the Bond Resolution.

G. Compliance. The Borrower shall be in compliance with the Bond Resolution, any agreement for borrowed money and all other existing material financial obligations.

H. Litigation. There are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the Project which, if adversely determined, either individually or collectively, would reasonably be expected to have a material adverse change in, or a material adverse effect on the business, assets, liabilities (actual or contingent), operations or condition (financial or otherwise) of the Borrower.

I. NCREB Loan. The Borrower and NCSC shall concurrently close on the \$40,000,000.00 loan transaction contemplated by NCSC loan designation AK403-A-9000.

ARTICLE V

COVENANTS

Section 5.01 Covenants. The Borrower covenants and agrees with NCSC that after the date hereof and until payment in full of the Note and performance of all obligations of the Borrower hereunder:

A. Compliance with Material Agreements. Borrower will comply, in all material respects, with the Bond Resolution, the Power Contract and all other contractual obligations binding upon it or its property

B. DSC Ratio. The Borrower shall achieve an annual DSC Ratio of not less than 1.0.

C. Loan Proceeds. The Borrower shall use the proceeds of this loan solely for the purposes identified on Schedule 1 hereto.

D. Annual Certificates. Within one hundred eighty (180) days after the close of each fiscal year, the Borrower will deliver to NCSC a written statement, in form and substance satisfactory to NCSC, either (a) signed by the Borrower's Executive Director or Chief Financial Officer or their designee, so long as such designee is an officer of the Borrower, or (b) submitted electronically through means made available to the Borrower by NCSC, stating that during such year, and that to the best of said person's knowledge, the Borrower has fulfilled all of its

obligations under this Agreement, the Note, and the Bond Resolution 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. The Borrower shall also deliver to NCSC such other information as NCSC may reasonably request from time to time.

E. Financial Books; Financial Reports; Right of Inspection.

(i) Within one hundred twenty (120) days after the end of each fiscal year of the Borrower, the Borrower shall provide to NCSC a full and complete unaudited consolidated and consolidating report of its financial condition and of its operations as of the end of such fiscal year, which shall present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments.

(ii) Within one hundred eight (180) days after the end of each fiscal year of the Borrower, the Borrower shall provide to NCSC a full and complete consolidated and consolidating report of its financial condition and of its operations as of the end of such fiscal year, reported on by independent public accountants (without a “going concern” or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with the GAAP.

(iii) Within ninety (90) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower, the Borrower shall provide to NCSC the quarterly report for the revenue and operating funds of the Project and a balance sheet and income statement (or comparable financial statement) therefor.

(iv) Within one hundred eighty (180) days after the end of each the Borrower's fiscal years during the term hereof, the Borrower shall furnish to NCSC a statement, setting forth in reasonable detail its calculation of its DSC Ratio for the prior year, signed either by its Executive Director or its Chief Financial Officer, or such other officer that reports directly or indirectly to the Chief Financial Officer.

(iv) The Borrower agrees to keep proper books of records and accounts in which full, true and correct entries, are made of all dealings and transactions in relation to its business and activities. The Borrower agrees to permit any representatives designated by NCSC, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested; *provided*, that NCSC shall keep all such information confidential (subject to any disclosure required by applicable law or judicial process).

F. RESERVED.

G. Compliance With Laws. The Borrower shall be, and remain, in compliance with all applicable requirements of law and applicable rules and regulations of each Governmental Authority except for any such failures of compliance as would not reasonably be expected to have a Material Adverse Effect on the Project.

H. Taxes. The Borrower shall pay, or cause to be paid all taxes, assessments or governmental charges lawfully levied or imposed on or against it and/or the Project prior to the time they become delinquent, except (i) for such taxes, assessments, and governmental charges and levies which the Borrower is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside or (ii) to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect.

I. Further Assurances. The 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 are not inconsistent with the terms and conditions set forth in the Bond Resolution, which may be required under any applicable law, or which NCSC may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the pledge created or intended to be created by the Bond Resolution. The Borrower also agrees to provide to NCSC, from time to time upon request, evidence reasonably satisfactory to NCSC as to the perfection and priority, or the continued perfection and priority, of the pledge preserved, created or intended to be created by the Bond Resolution.

J. Notices.

(i) Default. Upon receipt of any notices under the Bond Resolution with respect to a default by the Borrower under the terms of the Bond Resolution or of any credit agreement or other agreement relating thereto, the Borrower shall deliver copies of such notice to NCSC.

(ii) Environmental. If Borrower receives any written communication from a Governmental Authority alleging Borrower's material violation of any Environmental Law, then Borrower shall provide NCSC with a copy thereof within thirty (30) days after receipt, and promptly take appropriate action to remedy, cure, defend, or otherwise affirmatively respond to the matter in order to comply with any Environmental Law that is the subject of such written communication.

(iii) Power Contract. Borrower shall promptly deliver to NCSC notice of any material modification of the Power Contract.

(iv) Litigation. Promptly after the commencement thereof, notice of the commencement of all actions, suits or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency or instrumentality affecting the Borrower which would reasonably be expected to have a Material Adverse Effect.

(v) Bradley Lake Hydroelectric Facility. Borrower shall promptly deliver to NCSC notice of any material event with respect to the Project.

K. Insurance. Borrower will maintain insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties similarly situated.

L. Maintenance of Existence; Licenses, Permits, etc.. The Borrower will do or cause to be done all things necessary to preserve, renew or replace and keep in full force and effect its legal existence and rights, privileges, licenses, franchises and permits with respect to the Project. Subject to law, Borrower will qualify and remain qualified as a validly existing entity in good standing in each jurisdiction in which such qualification is necessary under applicable law.

M. Power Contract. Borrower shall enforce the provisions of the Power Contract.

Section 5.02 Negative Covenants. The Borrower covenants and agrees with NCSC that after the date hereof and until payment in full of the Note and performance of all obligations of the Borrower hereunder:

A. Termination of Power Contract. Borrower shall not terminate, and shall not consent to the termination of the Power Contract.

B. Limitation on Liens. Borrower shall not create, incur, assume or permit to exist any Lien on the Project other than as provided for under the Bond Resolution or as permitted by the Bond Resolution.

C. Power Contract. Borrower shall not amend the Power Contract so as to reduce the payments required thereunder or otherwise materially affect the security for the credit facility provided by NCSC hereunder

ARTICLE VI

EVENTS OF DEFAULT

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

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

C. Bond Resolution Obligations. An "Event of Default" as defined in the Bond Resolution, shall have occurred and be continuing, *provided, however*, that NCSC may not declare an Event of Default under this Section 6.01.C if, prior to such declaration, the "Event of Default" under the Bond Resolution has been waived or cured as provided for under the terms thereof.

D. Other NCSC Obligations. The Borrower shall be in breach or default of any Obligation, which breach or default continues uncured beyond the expiration of any applicable grace period.

E. 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 NCSC, 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 indebtedness with

parties other than NCSC 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. Covenants.

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

(ii) **Thirty Day Grace Period.** Failure of the 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 the Borrower by NCSC.

G. Involuntary Bankruptcy. An involuntary case or other proceeding shall be commenced against Borrower 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 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. The dissolution, liquidation or other termination of the existence of Borrower, *provided, however*, that any such event shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger, consolidation or other reorganization of the Borrower into or with another entity following a transfer of all or substantially all its assets as an entirety, so long as the successor or resulting entity assumes the due and punctual payment of the Note and the due and punctual performance of the covenants contained in this Agreement.

J. Validity of Documents. Any material provision of this Agreement or any other Loan Document shall at any time cease to be valid and binding on Borrower, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by Borrower.

K. Monetary Judgment. The Borrower shall suffer any money judgment with respect to the Project, not covered by insurance, writ or warrant of attachment or similar process

involving an amount in excess of \$5,000,000.00 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

M. Nonmonetary Judgment. One or more nonmonetary judgments or orders (including, without limitation, injunctions, writs or warrants of attachment, garnishment, execution, distraint, replevin or similar process) shall be rendered against the Borrower that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

ARTICLE VII

REMEDIES

Section 7.01 General Remedies. If any of the Events of Default listed in Article VI hereof shall occur after the date of this Agreement and shall not have been remedied within the applicable grace periods specified therein (if any), then NCSC may, subject to the terms of the Bond Resolution, as applicable:

- (i) exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter by held, by NCSC or owed to the Borrower or for the credit or account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing hereunder or under the Note. The rights of NCSC under this Section 7.01 are in addition to any other rights and remedies (including other rights of setoff or recoupment) which NCSC may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim;
- (ii) cause the trustee under the terms of the Bond Resolution to pursue all rights and remedies available to NCSC that are contemplated by the Bond Resolution in the manner, upon the conditions, and with the effect provided in the Bond Resolution, including, but not limited to, a suit for specific performance, injunctive relief or damages; and
- (iii) pursue any other rights and remedies available to NCSC at law or in equity.

Section 7.02 Concurrent Remedies. Nothing herein shall limit the right of NCSC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of NCSC 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 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 (i) when personally

delivered including, without limitation, by overnight mail or courier service, (ii) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (iii) 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 (i) or (ii) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

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

The Borrower:

The address set forth in
Schedule 1 hereto

Section 8.02 Expenses. The Borrower shall reimburse NCSC for any reasonable costs and out-of-pocket expenses paid or incurred by NCSC (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions NCSC takes, or reimburses the Trustee for taking on its behalf, (a) to enforce the payment of any Obligation hereunder or under the Note, to effect collection of any of the property pledged under the Bond Resolution, or in preparation for such enforcement or collection, (b) to institute, maintain, preserve, enforce and the pledge under the Bond Resolution, whether through judicial proceedings or otherwise, (c) to restructure any of the Obligations hereunder or under the Note, (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 NCSC in connection with any of the foregoing.

The amount of all such expenses identified in this Section 8.02 shall be payable upon demand, and if not paid, shall accrue interest at the then prevailing Variable Rate plus 200 basis points.

Section 8.03 Late Payments. If payment of any amount due hereunder is not received at NCSC's office in Dulles, Virginia, or such other location as NCSC may designate to the Borrower within five (5) Business Days after the due date thereof, the Borrower will pay to NCSC, in addition to all other amounts due under the terms of the Loan Documents, any late-payment charge as may be fixed by NCSC from time to time pursuant to its policies of general application as in effect from time to time.

Section 8.04 Non-Business Day Payments. If any payment to be made by the 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 8.05 Filing Fees. To the extent permitted by law, the Borrower agrees to pay all expenses of NCSC (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of the Bond Resolution, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes

incident to execution, filing, registration or recordation of any document or instrument in connection herewith. The Borrower, payable solely as an Annual Project Cost under Section 8 of the Power Contract, agrees to save harmless and indemnify NCSC 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 NCSC in connection with this Agreement. The provisions of this Section shall survive the execution and delivery of this Agreement and the payment of all other amounts due under the Loan Documents.

Section 8.06 Waiver; Modification. No failure on the part of NCSC 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 NCSC 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, the Note or the other Loan Documents (except as otherwise provided in the Bond Resolution) and no consent to any departure by the 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 8.07 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

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

(B) THE BORROWER AND NCSC HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE ALASKA SUPERIOR COURT LOCATED IN ANCHORAGE, ALASKA FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER AND NCSC IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT EITHER OF THEM MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH COURT AND ANY CLAIM THAT SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) THE BORROWER AND NCSC 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 8.08 INDEMNIFICATION. THE BORROWER, PAYABLE SOLELY AS AN ANNUAL PROJECT COST UNDER SECTION 8 OF THE POWER CONTRACT, HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND NCSC 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 AGREEMENT AND THE OTHER LOAN DOCUMENTS, THE PROPERTY PLEDGED UNDER THE BOND

RESOLUTION, 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, EXCEPTING ANY SUCH MATTERS ARISING SOLELY FROM, AND TO THE EXTENT OF, THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF NCSC OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.10 HEREOF, THE OBLIGATIONS IMPOSED UPON THE BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE NOTE, THE TERMINATION OF THIS AGREEMENT AND THE TERMINATION OR RELEASE OF THE LIEN OF THE BOND RESOLUTION.

Section 8.09 Complete Agreement. This Agreement, together with the schedules to this Agreement, the Note 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 (other than the Bond Resolution), the terms and provisions of this Agreement shall control.

Section 8.10 Survival; Successors and Assigns. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall survive the execution and delivery to NCSC of the Loan Documents and the making of the Advances 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 the Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of NCSC. Unless otherwise required by law, the Borrower shall not assign its rights or obligations under this Agreement without the prior written consent of NCSC.

Section 8.11 Use of Terms. The use of the singular herein shall also refer to the plural, and vice versa.

Section 8.12 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 8.13 Severability. If any term, provision or condition, or any part thereof, of this Agreement, the Note 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, the Note 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 8.14 Binding Effect. This Agreement shall become effective when it shall have been executed by both the Borrower and NCSC and thereafter shall be binding upon and inure to the benefit of the Borrower and NCSC and their respective successors and assigns as provided in Section 8.10.

Section 8.15 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 8.16 Schedule. Schedule 1 is an integral part of this Agreement.

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

ALASKA ENERGY AUTHORITY

By: _____

Title: _____

Attest: _____

Title: _____

**NATIONAL COOPERATIVE
SERVICES CORPORATION**

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

SCHEDULE 1

1. The purpose of the Advance is to finance capital costs of the Diversion Project and pay Note issuance costs.
2. The aggregate NCSC Commitment is \$[1,239,000.00].
3. The Closing Date referred to in Section 1.01 is _____ or on such other Business Day thereafter as may be agreed to by the Borrower and NCSC, so long as all the conditions set forth in Section 4.01 have been fulfilled.
4. The Bond Resolution referred to in Section 1.01 is Resolution No. 1989-12 of the Borrower, adopted by the Board of Directors of the Borrower on September 7, 1989, as it may have been or shall be in the future be supplemented, amended, consolidated, or restated from time to time, including by the Bond Resolution Supplement.
5. The Bond Resolution Supplement referred to in Section 1.01 is that certain Supplemental Resolution No. 2017-____, adopted by the Board of Directors of the Borrower on December 7, 2017, as it may have been or shall be in the future be supplemented, amended, consolidated, or restated from time to time.
6. The Note executed pursuant hereto is as follows:

LOAN NUMBER	AMOUNT
AK403-A-9001	\$[1,239,000.00]

7. The date of the balance sheet and statement of operations referred to in Section 2.01.G is June 30, 2017.
8. The address for notices to the Borrower referred to in Section 8.01 is:

If by personal delivery (including overnight mail or courier service):

Alaska Energy Authority

Attention: _____

If by United States Mail

Attention: _____

If by facsimile:

Fax: _____

SCHEDULE 2

[insert principal payment schedule]

ALASKA ENERGY AUTHORITY

RESOLUTION NO. 2017-09

**A SUPPLEMENTAL RESOLUTION AUTHORIZING
THE ISSUANCE, SALE AND DELIVERY OF
POWER REVENUE BONDS, NINTH SERIES
(BATTLE CREEK DIVERSION PROJECT), IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO
EXCEED \$5,761,000 AND DETERMINING
RELATED MATTERS**

Adopted December 7, 2017

TABLE OF CONTENTS

	Page
ARTICLE I	
Definitions and Authority	
Section 101. Short Title.	1
Section 102. Definitions.	1
Section 103. Authority for this Resolution.	2
ARTICLE II	
Authorization; Terms and Issuance	
Section 201. Authorization, Principal Amount, Interest Rates, Designation and Series... ..	2
Section 202. Purposes; Construction Fund; Reserve Fund.	3
Section 203. Issue Date and Form; Book-Entry.	3
Section 204. Places and Manner of Payment.	4
Section 205. Maturities and Interest Rates.	5
Section 206. Numbers and Letters.	5
Section 207. Redemption.	5
Section 208. No Redemption of Bonds from Construction Fund Moneys.....	5
ARTICLE III	
Sale and Delivery of Bonds	
Section 301. Sale of Bonds.	5
Section 302. Delivery of Bonds.....	6
ARTICLE IV	
Paying Agent	
Section 401. Appointment of Paving Agent.	7
ARTICLE V	
Ratification	
Section 501. Ratification, Confirmation and Approval.	7
ARTICLE VI	
Effective Date	
Section 601. Eighth Supplemental Resolution Effective Date.....	7

Exhibit A Bond Terms

ALASKA ENERGY AUTHORITY

RESOLUTION NO. 2017-09

A SUPPLEMENTAL RESOLUTION AUTHORIZING
THE ISSUANCE, SALE AND DELIVERY OF
POWER REVENUE BONDS, NINTH SERIES
(BATTLE CREEK DIVERSION PROJECT), IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO
EXCEED \$5,761,000 AND DETERMINING
RELATED MATTERS

BE IT RESOLVED by the Board of Directors of the Alaska Energy Authority on the 7th day of December, 2017 that pursuant to the Power Revenue Bond Resolution adopted on September 7, 1989, (hereinafter referred to as the “Resolution”), this Supplemental Resolution is adopted as follows:

ARTICLE I
Definitions and Authority

Section 101. Short Title. This resolution may hereafter be cited by the Authority, and is hereinafter sometimes referred to, as the “Eighth Supplemental Resolution.”

Section 102. Definitions.

(A) All defined terms contained in the Resolution shall have the same meanings in this Eighth Supplemental Resolution as such defined terms are given in Section 102 of the Resolution.

(B) In addition, as used in this Eighth Supplemental Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

Authorized Denomination means \$25,000 and integral multiples of \$1.00 in excess thereof.

Beneficial Owner means the person in whose name a Bond is recorded as the beneficial owner of such Bond by the respective systems of DTC and the DTC Participants or the registered owner of the Bond if the Bond is not then held in book-entry form under Section 203.

Bonds means the Ninth Series Bonds.

Continuing Disclosure Agreement means the Continuing Disclosure Agreement, if any, executed by the Authority and dated the date of the Bonds are issued and as it may be amended from time to time in accordance with the terms thereof.

Conversion Date means the date on which interest on the Bonds is converted from the Variable Rate of Interest to the Fixed Rate of Interest.

Designated Representative means the Authority's Executive Director, Acting Executive Director and Chief Financial Officer.

DTC means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

DTC Participant means a trust company, bank, broker, dealer, clearing corporation and any other organization that is a participant of DTC.

Diversion Project means the Battle Creek Diversion Project which is a Capital Improvement approved by the Committee as Optional Project Work.

Fixed Rate of Interest means, on or about the Conversion Date, the fixed rate of interest not to exceed the National Cooperative Services Corporation Long Term Fixed Rate, as quoted by National Cooperative Services Corporation on a daily basis.

Letter of Representations means the Blanket Issuer Letter of Representations dated October 24, 1997, from the Authority to DTC.

Loan Agreement means that certain loan agreement, or similar type agreement, between the Authority and the Purchaser relating to the sale of the Bonds.

Ninth Series Bonds means the Bonds of the Authority authorized by this Eighth Supplemental Resolution and herein designated "Power Revenue Bonds, Ninth Series."

Purchaser means National Cooperative Services Corporation.

Variable Rate of Interest means the variable rate of interest not to exceed the National Cooperative Services Corporation Standard Variable Rate, as quoted by National Cooperative Services Corporation on a daily basis.

Section 103. Authority for this Resolution. This Eighth Supplemental Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

Authorization; Terms and Issuance

Section 201. Authorization, Principal Amount, Interest Rates, Designation and Series.

(A) In order to provide funds necessary for the purposes specified in Section 204 of the Resolution, in accordance with and subject to the terms, conditions and limitations established herein and in the Resolution, a Series of Power Revenue Bonds (taxable) is hereby

authorized to be issued in an aggregate principal amount not to exceed \$5,761,000. The Bonds are being issued for the purpose of financing a portion of the costs of the Diversion Project. The Bonds of such Series shall be designated and entitled "Power Revenue Bonds, Ninth Series (Battle Creek Diversion Project)."

(B) The Bonds will be issued in the form of a draw-down obligation to be funded over time, as necessary, to pay costs of the Diversion Project. The Bonds will be issued and sold to the Purchaser as a single bond and will be dated as of the date of delivery of the Bonds to the Purchaser. The Bonds shall bear interest at the Variable Rate of Interest for the first thirty-six months following the date of delivery of the Bonds to the Purchaser and thereafter interest on the Bonds shall convert to, and accrue at, the Fixed Rate of Interest until maturity.

(C) The Authority hereby finds and determines that the establishment in the Resolution of the Capital Reserve Fund will enhance the marketability of the Bonds.

Section 202. Purposes; Construction Fund; Reserve Fund.

(A) The purpose for which the Bonds are being issued is to finance costs and expenses of planning, designing, acquiring, and construction of the Diversion Project. The Authority is of the opinion and hereby determines that the Diversion Project is an addition, betterment or expansion of the Project. The Committee has, by resolution, deemed the Diversion Project as Optional Project Work pursuant to the terms of the Power Sales Agreement.

(B) There is hereby established within the Construction Fund the Ninth Series Construction Account. The Trustee shall deposit proceeds of the Bonds into the Ninth Series Construction Account and shall hold such proceeds for the payment of Costs of Acquisition and Construction of the Diversion Project in accordance with Section 503 of the Resolution; provided, however, that the Designated Representative may instruct the Trustee to hold a portion of such proceeds or such other amounts for payment of Costs of Issuance, and the Trustee shall apply such proceeds or such other amounts to pay such costs as instructed by the Designated Representative.

(C) There is hereby established within the Capital Reserve Fund the Ninth Series Capital Reserve Account. The Trustee shall deposit available amounts provided by the Authority into the Ninth Series Capital Reserve Account, as necessary to satisfy the Capital Reserve Fund Requirement, and hold such amounts in accordance with Section 508 of the Resolution.

Section 203. Issue Date and Form; Book-Entry.

(A) The Bonds shall be dated as of the date of delivery of the Bonds to the Purchaser.

(B) The Bonds shall be registered initially in the name of the Purchaser of the Bonds, and shall be issued initially in the form of a single Bond. Registered ownership of the Bonds, or any portions thereof, may not thereafter be transferred except as provided in paragraph (D)

below.

(C) The Authority confirms its appointment of the Trustee to serve as the Bond Registrar under the terms of the Resolution.

(D) In the case of any transfer of ownership of the Bonds, the Trustee shall, upon receipt of all Outstanding Bonds, together with a written request of an Authorized Officer and a supply of new Bonds authenticate a single new Bond with principal installments for each maturity in the amount of such maturity or new Bonds, in Authorized Denominations, for each installment/maturity of Bonds then Outstanding, registered in the name of a new person, entity or depository, or its nominee, as the case may be, all as specified in such written request.

(E) If the Bonds are subsequently held in book-entry form under this Section, the Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of principal or Redemption Price of and interest on such Bonds, selecting such Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution, registering the transfer of such Bonds and obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. Neither the Authority nor the Trustee shall have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC Participant, or any other person not shown on the registration books of the Trustee as being a registered owner with respect to the accuracy of any records maintained by DTC or any DTC Participant, the payment by DTC or any DTC Participant of any amount in respect of the principal or Redemption Price of or interest on the Bonds, any notice which is permitted or required to be given to Bondholders under the Resolution, the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay from monies available under the Resolution all principal and Redemption Price of and interest on Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal or Redemption Price of and interest on the Bonds to the extent of the sum or sums so paid.

Section 204. Places and Manner of Payment. Payment of interest on the Bonds will be made by check or draft mailed by first class mail to the registered owner at the address appearing on the bond register of the Authority kept at the corporate trust office of the Trustee, or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of Bonds received at least 15 days prior to an interest payment date, by wire transfer in immediately available funds to an account in the United States of America designated by such registered owner; principal of the Bonds will be made by check or draft mailed by first class mail to the registered owner at the address appearing on the bond register of the Authority kept at the corporate trust office of the Trustee with the final installment of principal payable at the corporate trust office of the Trustee upon surrender of the Bonds representing such principal. Both principal of and interest on the Bonds are payable in any coin or currency of the United

States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. If all the Outstanding Bonds shall subsequently be registered in the name of "Cede & Co.," or its registered assigns, as nominee of DTC, payment of principal and interest thereon shall be made as provided in the Letter of Representations and the operational arrangements referred to therein as amended from time to time

Section 205. Maturities and Interest Rates. The Bonds shall be issued in Authorized Denominations, shall mature no later than July 1, 2050, and shall bear interest at the Variable Rate of Interest for the three years following the date of issuance of the Bonds and then convert to the Fixed Rate of Interest through maturity, all as further determined by the Designated Representative pursuant to Section 301 hereof.

Section 206. Numbers and Letters. Bonds shall be numbered and lettered in such manner as the Designated Representative shall determine prior to delivery thereof.

Section 207. Redemption. The Bonds shall be subject to redemption (including redemption by application of sinking fund payments) as determined by the Designated Representative pursuant to Section 301 hereof.

Section 208. No Redemption of Bonds from Construction Fund Moneys. The Bonds shall not be subject to redemption pursuant to subsection 503(8) of the Resolution.

ARTICLE III

Sale and Delivery of Bonds

Section 301. Sale of Bonds.

(A) The Bonds shall be sold at negotiated sale to the Purchaser pursuant to the terms of the Loan Agreement. The Designated Representative is hereby authorized to negotiate terms for the purchase of the Bonds, review, approve and execute the Loan Agreement, with such terms as are approved by him or her pursuant to this Section and consistent with this Eighth Supplemental Resolution. The Authority's financial advisor has advised the Authority that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a scheduled meeting date of the Authority. The Authority has determined that it would be in the best interest of the Authority to delegate to the Designated Representative for a limited time the authority to approve the final aggregate principal amount, the principal installment(s)/maturity dates, terms of redemption and redemption rights and principal amounts of each principal installments/maturity dates of the Bonds. The Designated Representative is hereby authorized to approve the principal installments/maturity date(s), interest payment dates, terms of redemption and redemption rights for the Bonds in the manner provided hereafter so long as the aggregate principal amount of the Bonds does not exceed \$5,761,000; provided, however, that notwithstanding the foregoing the Designated Representative is not authorized, empowered, or directed to execute or deliver the Loan Agreement until the Committee, or its designee for the Diversion Project, shall have

approved the final terms of the Loan Agreement and shall have requested the Authority to execute and deliver the Loan Agreement.

In determining the aggregate principal amount, interest payment dates, principal installments/maturities dates, principal installments/maturities, terms of redemption and redemption rights, the Designated Representative, in consultation with Authority staff and the Authority's financial advisor shall take into account those factors that, in his or her judgment, will result in the most favorable terms for the Bonds, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds.

Subject to the terms and conditions set forth in this Section 301, the Designated Representative is hereby authorized to execute the final form of the Loan Agreement, upon the Designated Representative's approval of the aggregate principal amount, interest payment dates, principal installments/maturities dates, principal installments/maturities, terms of redemption and redemption rights set forth therein. Such terms shall be set forth in Exhibit A to the Loan Agreement and an exhibit setting forth such final terms of the Bonds shall be attached to this Eighth Supplemental Resolution as Exhibit A, and thereby incorporated into this Eighth Supplemental Resolution. The authority granted to the Designated Representative by this Section 301 shall expire 90 days after the date of approval of this Eighth Supplemental Resolution. If a Loan Agreement for the Bonds has not been executed within 90 days after the date of final approval of this Eighth Supplemental Resolution, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by resolution of the Authority. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new Supplemental Resolution repealing this Eighth Supplemental Resolution in whole or in part or may be in the form of an amendatory resolution approving a Loan Agreement or establishing terms and conditions for the authority delegated under this Section 301.

(B) Upon the passage and approval of this Eighth Supplemental Resolution, each Designated Representative is authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Purchaser and to execute the Loan Agreement and all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Loan Agreement.

Section 302. Delivery of Bonds. The Chair, Vice Chair, Executive Director, Acting Executive Director, Chief Financial Officer and such other person or persons as may be designated by the Executive Director are specifically designated as Authorized Officers as defined in the Resolution, and they hereby are severally authorized, after execution of the Bonds, to deliver the Bonds to the Trustee for authentication under the Resolution and to deliver to the Trustee a written order in the name of the Authority directing the Trustee to deliver the Bonds to or upon the order of the Purchaser, to cause the conditions precedent to the issuance of the Bonds to be complied with, and to do and perform or cause to be done and performed, for and on behalf of the Authority, all acts and things that constitute conditions precedent to the authentication and delivery of the Bonds or that are otherwise required or

Eighth Supplemental Resolution

convenient to be done and performed by or on behalf of the Authority prior to or simultaneously with the delivery of the Bonds. Such Authorized Officers are hereby severally authorized for and on behalf of the Authority to do or cause to be done all acts and things required or desirable to be done by the Authority under and pursuant to the terms of the Resolution and in accordance with the terms and conditions of the Loan Agreement.

ARTICLE IV **Paying Agent**

Section 401. Appointment of Paving Agent. U.S. Bank National Association is appointed Paying Agent for the Bonds pursuant to Section 902 of the Resolution.

ARTICLE V **Ratification**

Section 501. Ratification, Confirmation and Approval. Pursuant to Section 713 of the Resolution, the Authority has assigned, pledged and transferred its rights under the Power Sales Agreement to the Trustee for the benefit of Bondholders and further agreed to enforce its terms. This Board hereby ratifies, approves and confirms the Power Sales Agreement as a valid and binding obligation of the Authority and further authorizes and directs that the Power Sales Agreement, including all amendments thereto, certified by an Authorized Officer, be filed with the Trustee.

ARTICLE VI **Effective Date**

Section 601. Eighth Supplemental Resolution Effective Date. This Eighth Supplemental Resolution shall take effect immediately.

Supplemental Resolution approved and adopted by the Alaska Energy Authority on December 7, 2017.

ALASKA ENERGY AUTHORITY



CHAIR

[SEAL]



ATTEST:



SECRETARY

EXHIBIT A
BOND TERMS

LOAN AGREEMENT

LOAN AGREEMENT (the “Agreement”) dated as of December __, 2017, between the ALASKA ENERGY AUTHORITY (the “Borrower”), a public corporation of the State of Alaska in the Department of Commerce, Community and Economic Development, with separate and independent legal existence, created and existing pursuant to Chapter 83, Title 44 of the Alaska Statutes (the “Act”) and NATIONAL COOPERATIVE SERVICES CORPORATION (“NCSC”), a cooperative association organized and existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Borrower has applied to NCSC for a loan for the purposes set forth in Schedule 1 hereto, and NCSC is willing to make such a loan to the Borrower on the terms and conditions stated herein; and

WHEREAS, the Borrower has agreed to execute a promissory note to evidence an indebtedness in the aggregate principal amount of the Commitment (as hereinafter defined) authenticated and secured pursuant to the terms of the Bond Resolution and Bond Resolution Supplement (each as hereinafter defined).

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 Initially capitalized terms used herein shall have the meanings as set forth (i) in the above introductory paragraph, (ii) below, or (iii) elsewhere herein as indicated by such terms shown in quotation marks within parentheses. All such definitions shall be equally applicable to the singular and the plural form thereof. Initially capitalized terms that are not defined herein shall have the meanings as set forth in the Bond Resolution.

“Advance” shall mean the advance of funds by NCSC to the Borrower under the Note.

“Advance Request” shall mean a request from the Borrower to NCSC, in the form of Exhibit A, or otherwise in form and substance satisfactory to NCSC, to make an Advance.

“Annual Project Cost” shall have the meaning ascribed to it in the Power Contract.

“Bond Resolution” shall have the meaning as described in Schedule 1 hereto.

“Bond Resolution Supplement” shall have the meaning as described in Schedule 1.

“Bradley Lake Project” shall mean the Bradley Lake Hydroelectric Project, as the same is described in the Bond Resolution.

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

“Closing Date” shall mean the date specified on Schedule 1.

“Commitment” shall have the meaning set forth on Schedule 1.

“Debt Service Coverage (“DSC”) Ratio” shall mean the ratio determined as follows: (a) for any fiscal year other than the Borrower’s fiscal year ending on June 30, 2022, as set forth in the Borrower’s annual audited financial statements, add (i) increase (decrease) in net position (i.e. net income or other comparable term) of the Borrower with respect to the Project, as determined in accordance with GAAP plus Depreciation and Amortization Expense, and interest on Long-Term Debt for such year, divided by (ii) the sum of all scheduled payments of principal required to be made during such year with respect to the Project and the amount of interest expense related to such period on Long-Term Debt, and (b) for the Borrower’s fiscal year ending on June 30, 2022, as set forth in the Borrower’s annual audited financial statements, add (i) increase (decrease) in net position (i.e. net income or other comparable term) of the Borrower with respect to the Project, as determined in accordance with GAAP plus Depreciation and Amortization Expense, and interest on Long-Term Debt for such year plus any amount withdrawn from the Capital Reserve Fund and used to make payment on any Bonds for the Bradley Lake Project issued prior to the date hereof, divided by (ii) the sum of all scheduled payments of principal required to be made during such year with respect to the Project and the amount of interest expense related to such period on Long-Term Debt.

“Default Rate” shall mean a rate per annum equal to the interest rate in effect for an Advance plus three hundred (300) basis points.

“Depreciation and Amortization Expense” shall mean an amount constituting the depreciation and amortization of the Borrower with respect to the Project computed pursuant to GAAP.

“Diversion Project” shall mean the Battle Creek Diversion Project, a capital improvement to the Bradley Lake Project.

“Draw Period” shall have the meaning ascribed to it in Schedule 1 hereto.

“Environmental Laws” shall mean all applicable laws, rules and regulations promulgated by any Governmental Authority with which the Borrower is required to comply, regarding the use, treatment, discharge, storage, management, handling, manufacture, generation, processing, recycling, distribution, transport, release of or exposure to any Hazardous Material.

“Environmental Permits” shall mean permits or licenses issued by any Governmental Authority under applicable Environmental Laws.

“Event of Default” shall have the meaning as described in Article VI hereof.

“Fixed Rate” shall mean (i) such fixed rate as is then available for loans with thirty (30) year maturities pursuant to NCSC’s policies and procedures then in effect, or (ii) such other fixed rate as may be agreed to in writing by the parties.

“Fixed Rate Term” shall mean the period from the day after the end of the Draw Period to the Maturity Date.

“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, or any state or other political subdivision thereof, whose laws, rules and regulations the Borrower is required to comply with, 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.

“Hazardous Material” shall mean any (a) petroleum or petroleum products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls, lead and radon gas, and (b) any other substance that is defined and regulated as hazardous or toxic or as a pollutant or contaminant in any applicable Environmental Law.

“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.

“Loan Documents” shall mean this Agreement, the Note, the Bond Resolution, the Bond Resolution Supplement and all other documents or instruments executed, delivered or executed and delivered by the Borrower and evidencing, securing, governing or otherwise pertaining to the credit facility provided, and the Advance made, by NCSC hereunder.

“Long-Term Debt” shall mean an amount constituting the long-term debt of the Borrower with respect to the Project computed pursuant to GAAP.

“Make-Whole Premium” shall mean, with respect to any Prepaid Principal Amount, an amount calculated as set forth below. The Make-Whole Premium represents NCSC's reinvestment loss resulting from making a fixed rate loan. [Fred to review.]

(1) Compute the amount of interest (“Loan Interest”) that would have been due on the Prepaid Principal Amount at the applicable Fixed Rate for the period from the prepayment date through the end of the 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 Treasury Note 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 Treasury Note yields as reported 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 United States Treasury Note 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.

“Material Adverse Effect” shall mean a material adverse change in or material adverse effect on (a) the Project, (b) the business, assets, liabilities (actual or contingent), operations, or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, with respect to the Project, (c) the ability of the Borrower to perform any of its obligations under this Agreement or any of the other Loan Documents, (d) the validity or enforceability of this Agreement, the Note or the Bond Resolution or (e) NCSC’s rights as a Holder of Bonds to exercise the remedies set forth in Article VII hereof or as set forth in the Bond Resolution, in the manner and to the extent provided for by this Agreement and the Bond Resolution, as applicable.

“Maturity Date” shall mean July 1, 2050.

“Note” shall mean the [Secured Promissory Note], Series 2017 NCSC Note 9002, or such other title as agreed to by the parties hereof, dated as of even date herewith, payable to the order of NCSC, executed by the Borrower pursuant to this Agreement as identified on Schedule 1 hereto, 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 the Borrower to NCSC under the Loan Documents, 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.

“Power Contract” shall mean the Agreement for the Sale and Purchase of Electric Power, dated as of December 8, 1987, by and among AEA, Chugach Electric Association, Inc., Golden Valley Electric Association, Inc., Alaska Electric Generation & Transmission Cooperative, Inc. (acting on behalf of Matanuska Electric Association), Alaska Electric and Energy Cooperative, Inc., (acting on behalf of Homer Electric Association, Inc.), the Municipality of Anchorage (“ML&P”), and the City of Seward (collectively, the “Power Purchasers”), as it may have been or shall be in the future be supplemented, amended, consolidated, or restated from time to time.

“Prepaid Principal Amount” shall mean all or any part of the outstanding principal of an Advance bearing interest at the Fixed Rate paid prior to the expiration of the Fixed Rate Term applicable thereto.

“Prepayment Fee” shall mean an amount equal to 0.33% of the Prepaid Principal Amount of the Advance.

“Project” shall mean the Bradley Lake Project and the Diversion Project.

“Subsidiary” as to any Person, shall mean a corporation, partnership, limited partnership, limited liability company or other entity in which shares of stock or other ownership interests having ordinary voting power (other than such stock or other ownership interests having such voting 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 the Borrower.

"Variable Rate" shall mean (i) the variable rate established by NCSC from time to time for loans similarly classified pursuant to NCSC's policies and procedures then in effect or (ii) such other variable rate as may be agreed to in writing by the parties in an Advance Request.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01 The Borrower represents and warrants to NCSC that as of the Closing Date and as of the date of any Advance hereunder:

A. Good Standing. The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and, except where the failure to do so individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, 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. The Borrower has or had the power and authority to enter into this Agreement, the Note and the Bond Resolution; to make the borrowing contemplated hereunder and under the Note; 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 Bond Resolution, all of which have been duly authorized by all necessary and proper action; and no consent or approval of any Person 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 Bond Resolution is, and when fully executed and delivered will be, legal, valid and binding upon the Borrower and enforceable against the 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 the Borrower of the obligations hereunder and thereunder, and the transactions contemplated hereby or thereby, will not in any material respect: (i) violate any provision of law, any order, rule or regulation of any Governmental Authority, any award of any arbitrator, the Act, the Bond Resolution or any material contract, agreement, mortgage, deed of trust or other instrument to which the 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, the Bond Resolution or any such contract, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it or any of its property is bound, or result in the creation or imposition of any Lien (other than contemplated by the Bond Resolution, including the issuance of additional bonds pursuant to the terms of the Bond Resolution) upon the Project. The Borrower is not in default in any material respect under the Bond Resolution.

D. Taxes. The Borrower 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 (i) for such taxes, assessments, and Governmental Authority charges and levies which the Borrower is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside, if such reserves are required by Accounting Requirements, or (ii) to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect.

E. Licenses and Permits. The Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate the Project that are required by Governmental Authorities and each remains valid and in full force and effect, except such as would not reasonably be expected to have a Material Adverse Effect.

F. Litigation. There are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the Project which, if adversely determined, either individually or collectively, would reasonably be expected to have a Material Adverse Effect. The Borrower is not, to the 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 reasonably be expected to have a Material Adverse Effect.

G. Financial Statements. The audited financial statements of the Borrower as of the date identified in Schedule 1 hereto heretofore furnished to NCSC, fairly present, in all material respects, the financial condition of the Borrower as at said date and fairly reflect its operations for the period ending on said date. There has been no change in the financial condition or operations of the Borrower from that set forth in said financial statements that would reasonably be expected to have a Material Adverse Effect.

H. Required Approvals. The Borrower has obtained all licenses, consents or approvals of all Governmental Authorities that the Borrower is required to obtain in order for the Borrower to enter into and perform under this Agreement, the Note and the Bond Resolution and to enter into and perform under all contracts and agreements that the Borrower has entered into or shall enter into in connection with the acquisition, construction, ownership and operation of the Project, and the purchase of power from, or the sale of power to, the Project. Each such license, consent or approval is in full force and effect.

I. Compliance With Laws. The Borrower is in compliance with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority, except for any such failures of compliance as would not reasonably be expected to have a Material Adverse Effect.

J. Disclosure. To the Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement furnished to NCSC by or on behalf of the Borrower in connection herewith (all such documents, certificates and financial statements, taken as a whole) as of the date of delivery thereof, taken as a whole, and in the light of the circumstances under which they were made, 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 materially misleading.

K. No Other Liens. The Borrower has not created, incurred, assumed or permitted to exist, any Lien on the Project other than as provided for under the Bond Resolution or as permitted by the Bond Resolution.

L. Environmental Matters. Except as to matters which individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect, (i) the Borrower is in compliance with all applicable Environmental Laws (including, but not limited to, having any required Environmental Permits), (ii) to the best of the Borrower's knowledge, there have been no releases (other than releases remediated in compliance with applicable Environmental Laws and air emissions) from any underground or aboveground storage tanks (or piping associated therewith) that are or were present at the Project, (iii) the Borrower has not received written notice or claim of any violation of any Environmental Law from a Governmental Authority and failed to take appropriate action to remedy, cure, defend or otherwise affirmatively respond to the matter in order to comply with any Environmental Law that is the subject of such written notice or claim and relating to the Project, (iv) to the best of the Borrower's knowledge, there is no pending investigation of the Borrower in regard to any Environmental Law relating to the Project, and (v) to the best of the Borrower's knowledge, there has not been any unauthorized release or contamination (other than releases or contamination remediated in compliance with Environmental Laws) resulting from the presence of Hazardous Materials on property owned, leased or operated by the Borrower.

M. Power Contract. The Power Contract is in full force and effect and is legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with its terms, subject only to limitations on enforceability imposed by general equitable principles or applicable bankruptcy, insolvency, reorganization moratorium, or similar laws respecting creditors' rights generally. Pursuant to the Bond Resolution, the Borrower has pledged, assigned and transferred to the Trustee, acting on behalf of the Bondholders, all of its rights under the Power Contract.

To the best of the Borrower's knowledge, the Power Contract is valid and binding and enforceable against each other party thereto, subject to limitations on enforceability imposed by general equitable principles or applicable bankruptcy, insolvency, reorganization moratorium, or similar laws respecting creditors' rights generally.

ARTICLE III

LOANS

Section 3.01 Advances. NCSC agrees to make Advances under the Note from time to time from the Closing Date until the end of the Draw Period, for the purpose described on Schedule 1, in an aggregate principal amount which shall not exceed the Commitment.

Section 3.02 Payment. The Note shall be payable 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 or fees, or otherwise) on the date when due, in immediately available funds, without set-off or counterclaim.

B. Maturity. The Note shall have the Maturity Date as set forth therein.

C. Application of Payments. Each payment shall be applied to the Obligations first to any fees, costs, expenses or charges other than interest or principal, second to interest accrued, and the balance to principal.

D. Invoice. NCSC will invoice the Borrower at least ten (10) days before each payment is due and shall send a copy of such invoice to the Trustee under the Bond Resolution, provided, however, that NCSC's failure to send an invoice shall not constitute a waiver by NCSC or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein.

Section 3.03 Amortization. The principal amount of the Note shall amortize on a level principal payment basis from the day after the end of the Draw Period through the Maturity Date. For each Advance, the Borrower shall promptly pay (a) interest in the amount invoiced on January 1 and July 1 in each year, commencing with July 1, 2018, and (b) principal in the amount invoiced on July 1 in each year, commencing with July 1, 2021. 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.

Section 3.04 Interest Rate. The Note will bear interest as follows:

A. Interest Rate and Interest Rate Computation. Each Advance shall bear interest at the Variable Rate until the end of the Draw Period. Thereafter, the Advances shall bear interest at the Fixed Rate for the Fixed Rate Term until the Maturity Date. Interest on Advances bearing interest at the Variable Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days. Interest on Advances bearing interest at the Fixed Rate shall be computed on the basis of a 30-day month and 360-day year

B. Default Rate.

(i) Payment Default. 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 (31st) day after the payment is due and for so long as such default continues, the Advance shall bear interest at the Default Rate.

(ii) Non-Payment Defaults. Upon the occurrence of an Event of Default, other than a payment default as set forth in Section 3.04.B(i) above, the interest rate on the Advance shall be the Default Rate until such Event of Default is cured.

(iii) No Multiples of Default Rate. Notwithstanding anything to the contrary contained in this Section 3.04.B, in the event that more than one Event of Default shall exist at any time, the aggregate interest rate applicable on the Advance pursuant to this Section 3.04.B shall be the Default Rate.

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

Section 3.05 Optional Prepayment. The Borrower may prepay all or any part of the outstanding principal of the Advance upon at least three (3) days prior written notice to NCSC. If any principal of the Advance is prepaid (whether voluntarily by the Borrower or otherwise, and regardless of the source of prepayment), then on the prepayment date there shall be due and

owing, and the Borrower shall pay on the amount of principal prepaid (i) all accrued but unpaid interest, calculated up to the prepayment date, (ii) the Prepayment Fee and (iii) a Make-Whole Premium, if any.

ARTICLE IV

CONDITIONS

Section 4.01 Conditions of Closing. This Agreement shall become effective only upon the satisfaction of the following conditions as of the Closing Date:

A. Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be reasonably satisfactory to counsel for NCSC and, as to all matters of local law, to such local counsel as counsel for NCSC may retain. NCSC's execution of this Agreement shall evidence satisfaction of this condition.

B. Documents. NCSC shall have been furnished with:

- (i) the executed Loan Documents;
- (ii) certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions hereby contemplated as NCSC shall require;
- (iii) an opinion of counsel for the Borrower addressing such legal matters as NCSC shall reasonably require;
- (iv) to the extent the Note is executed and delivered under any of Section 202, 203 or 204 of the Bond Resolution, copies of all documents required to be delivered to the Trustee under such Sections relating thereto;
- (v) a copy of the Power Contract in effect on the date hereof, including any amendments thereto;
- (vi) evidence of the Borrower's allocation of New Clean Renewable Energy Bond volume cap from the U.S. Department of Treasury for the Diversion Project in an amount no less than the Commitment;
- (vii) evidence of funding of the Capital Reserve Fund so that the amount thereof is equal to Capital Reserve Fund Requirement, taking into account the loan contemplated hereby;
- (viii) an opinion of counsel from counsel to (a) each of the Power Purchasers except Seward, or (b) the Power Purchasers participating in the Diversion Project and the Borrower, as to the continued validity and enforceability of the Power Contract as to each Power Purchaser except Seward; notwithstanding the forgoing, an opinion from counsel to the Bradley Lake Management Committee on behalf of the Power Purchasers may be substituted for opinions of the Power Purchasers;
- (ix) a certificate from the General Manager (or other comparable position) and Chief Financial Officer of (a) each Power Purchaser, or (b) the Power Purchasers participating

in the Diversion Project and the Borrower, to the effect that there is no litigation pending contesting the validity or enforceability of the Power Contract; and

(x) all other such documents as NCSC may reasonably request. NCSC's execution of this Agreement shall evidence satisfaction of conditions set forth in this Section 4.01B.

C. Government Approvals. The Borrower shall have furnished to NCSC true and correct copies of all certificates, authorizations, consents, permits and licenses from Governmental Authorities (if any) that are necessary for the execution or delivery of the Loan Documents or performance by the Borrower of the obligations thereunder.

D. Defaults. No event or condition has occurred that constitutes an Event of Default, or which upon notice or lapse of time, or both, would, unless cured or waived, become an Event of Default.

E. Material Adverse Effect. Since June 30, 2017, there shall not have occurred a material adverse change in, or a material adverse effect on the business, assets, liabilities (actual or contingent), operations or condition (financial or otherwise) of the Borrower.

F. Note Authentication. The Note shall have been duly authenticated by the Trustee as an Additional Bond secured under the Bond Resolution.

G. Compliance. The Borrower shall be in compliance with the Bond Resolution, any agreement for borrowed money and all other existing material financial obligations.

H. Litigation. There are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the Project which, if adversely determined, either individually or collectively, would reasonably be expected to have a material adverse change in, or a material adverse effect on, the business, assets, liabilities (actual or contingent), operations or condition (financial or otherwise) of the Borrower.

I. NCREB Loan. The Borrower and NCSC shall concurrently close on the \$40,000,000.00 loan transaction contemplated by NCSC loan designation AK403-A-9000.

Section 4.02 Conditions of Advances. The obligation of NCSC to make Advances under the Note is additionally subject to satisfaction of the following conditions:

A. Representations and Warranties. The representations and warranties of the Borrower set forth herein shall be true and correct in all material respects on the date of the making of each Advance hereunder, with the same effect as though such representations and warranties had been made on such date (except to the extent any representation or warranty is made as of a specified date, in which case such representation and warranty shall have been true and correct as of the specified date).

B. Requisition. The Borrower will requisition each Advance by submitting its Advance Request to NCSC, no later than 12:00 noon local time at NCSC's offices in Dulles, Virginia (or such other location as NCSC may designate to the Borrower) on the Business Day prior to the Business Day the Borrower seeks to have funds advanced (or such shorter period of time as may be agreed to by NCSC).

C. Material Adverse Change. There shall not have occurred a material adverse change in, or a material adverse effect on, the business, assets, liabilities (actual or contingent), operations or condition (financial or otherwise) of the Borrower and nothing shall have occurred which in the opinion of NCSC materially and adversely affects the Borrower's ability to perform its obligations under the Loan Documents.

D. Default. No event or condition that constitutes an Event of Default, or which upon notice hereunder, lapse of time hereunder or both would, unless cured or waived, become an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to the Advance on the books of the Borrower.

ARTICLE V

COVENANTS

Section 5.01 Covenants. The Borrower covenants and agrees with NCSC that after the date hereof and until payment in full of the Note and performance of all obligations of the Borrower hereunder:

A. Compliance with Material Agreements. Borrower will comply, in all material respects, with the Bond Resolution, the Power Contract and all other contractual obligations binding upon it or its property

B. DSC Ratio. The Borrower shall achieve an annual DSC Ratio of not less than 1.0.

C. Loan Proceeds. The Borrower shall use the proceeds of this loan solely for the purposes identified on Schedule 1 hereto.

D. Annual Certificates. Within one hundred eighty (180) days after the close of each fiscal year, the Borrower will deliver to NCSC a written statement, in form and substance satisfactory to NCSC, either (a) signed by the Borrower's Executive Director or Chief Financial Officer or their designee, so long as such designee is an officer of the Borrower, or (b) submitted electronically through means made available to the Borrower by NCSC, stating that during such year, and that to the best of said person's knowledge, the Borrower has fulfilled all of its obligations under this Agreement, the Note, and the Bond Resolution 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. The Borrower shall also deliver to NCSC such other information as NCSC may reasonably request from time to time.

E. Financial Books; Financial Reports; Right of Inspection.

(i) Within one hundred twenty (120) days after the end of each fiscal year of the Borrower, the Borrower shall provide to NCSC a full and complete unaudited consolidated and consolidating report of its financial condition and of its operations as of the end of such fiscal year, which shall present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments.

(ii) Within one hundred eighty (180) days after the end of each fiscal year of the Borrower, the Borrower shall provide to NCSC a full and complete consolidated and

consolidating report of its financial condition and of its operations as of the end of such fiscal year, reported on by independent public accountants (without a “going concern” or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with the GAAP.

(iii) Within ninety (90) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower, the Borrower shall provide to NCSC the quarterly report for the revenue and operating funds of the Project and a balance sheet and income statement (or comparable financial statement) therefor.

(iv) Within one hundred eighty (180) days after the end of each the Borrower's fiscal years during the term hereof, the Borrower shall furnish to NCSC a statement, setting forth in reasonable detail its calculation of its DSC Ratio for the prior year, signed either by its Executive Director or its Chief Financial Officer, or such other officer that reports directly or indirectly to the Chief Financial Officer.

(iv) The Borrower agrees to keep proper books of records and accounts in which full, true and correct entries, are made of all dealings and transactions in relation to its business and activities. The Borrower agrees to permit any representatives designated by NCSC, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested; *provided*, that NCSC shall keep all such information confidential (subject to any disclosure required by applicable law or judicial process).

F. RESERVED.

G. Compliance With Laws. The Borrower shall be, and remain, in compliance with all applicable requirements of law and applicable rules and regulations of each Governmental Authority except for any such failures of compliance as would not reasonably be expected to have a Material Adverse Effect on the Project.

H. Taxes. The Borrower shall pay, or cause to be paid all taxes, assessments or governmental charges lawfully levied or imposed on or against it and/or the Project prior to the time they become delinquent, except (i) for such taxes, assessments, and governmental charges and levies which the Borrower is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside or (ii) to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect.

I. Further Assurances. The 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 are not inconsistent with the terms and conditions set forth in the Bond Resolution, which may be required under any applicable law, or which NCSC may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the pledge created or intended to be created by the Bond Resolution. The Borrower also agrees to provide to NCSC, from time to time upon request, evidence reasonably satisfactory to NCSC as to the perfection and priority, or the continued

perfection and priority, of the pledge preserved, created or intended to be created by the Bond Resolution.

J. Notices.

(i) Default. Upon receipt of any notices under the Bond Resolution with respect to a default by the Borrower under the terms of the Bond Resolution or of any credit agreement or other agreement relating thereto, the Borrower shall deliver copies of such notice to NCSC.

(ii) Environmental. If Borrower receives any written communication from a Governmental Authority alleging Borrower's material violation of any Environmental Law, then Borrower shall provide NCSC with a copy thereof within thirty (30) days after receipt, and promptly take appropriate action to remedy, cure, defend, or otherwise affirmatively respond to the matter in order to comply with any Environmental Law that is the subject of such written communication.

(iii) Power Contract. Borrower shall promptly deliver to NCSC notice of any material modification of the Power Contract.

(iv) Litigation. Promptly after the commencement thereof, notice of the commencement of all actions, suits or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency or instrumentality affecting the Borrower which would reasonably be expected to have a Material Adverse Effect.

(v) Bradley Lake Hydroelectric Facility. Borrower shall promptly deliver to NCSC notice of any material event with respect to the Project.

K. Insurance. Borrower will maintain insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties similarly situated.

L. Maintenance of Existence; Licenses, Permits, etc.. The Borrower will do or cause to be done all things necessary to preserve, renew or replace and keep in full force and effect its legal existence and rights, privileges, licenses, franchises and permits with respect to the Project. Subject to law, Borrower will qualify and remain qualified as a validly existing entity in good standing in each jurisdiction in which such qualification is necessary under applicable law.

M. Power Contract. Borrower shall enforce the provisions of the Power Contract.

Section 5.02 Negative Covenants. The Borrower covenants and agrees with NCSC that after the date hereof and until payment in full of the Note and performance of all obligations of the Borrower hereunder:

A. Termination of Power Contract. Borrower shall not terminate, and shall not consent to the termination of the Power Contract.

B. Limitation on Liens. Borrower shall not create, incur, assume or permit to exist any Lien on the Project other than as provided for under the Bond Resolution or as permitted by the Bond Resolution.

C. Power Contract. Borrower shall not amend the Power Contract so as to reduce the payments required thereunder or otherwise materially affect the security for the credit facility provided by NCSC hereunder

ARTICLE VI

EVENTS OF DEFAULT

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

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

C. Bond Resolution Obligations. An “Event of Default” as defined in the Bond Resolution, shall have occurred and be continuing, *provided, however*, that NCSC may not declare an Event of Default under this Section 6.01.C if, prior to such declaration, the “Event of Default” under the Bond Resolution has been waived or cured as provided for under the terms thereof.

D. Other NCSC Obligations. The Borrower shall be in breach or default of any Obligation, which breach or default continues uncured beyond the expiration of any applicable grace period.

E. 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 NCSC, 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 indebtedness with parties other than NCSC 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. Covenants.

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

(ii) Thirty Day Grace Period. Failure of the 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 the Borrower by NCSC.

G. Involuntary Bankruptcy. An involuntary case or other proceeding shall be commenced against Borrower 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 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. The dissolution, liquidation or other termination of the existence of Borrower, *provided, however*, that any such event shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger, consolidation or other reorganization of the Borrower into or with another entity following a transfer of all or substantially all its assets as an entirety, so long as the successor or resulting entity assumes the due and punctual payment of the Note and the due and punctual performance of the covenants contained in this Agreement.

J. Validity of Documents. Any material provision of this Agreement or any other Loan Document shall at any time cease to be valid and binding on Borrower, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by Borrower.

K. Monetary Judgment. The Borrower shall suffer any money judgment with respect to the Project, not covered by insurance, writ or warrant of attachment or similar process involving an amount in excess of \$5,000,000.00 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

M. Nonmonetary Judgment. One or more nonmonetary judgments or orders (including, without limitation, injunctions, writs or warrants of attachment, garnishment, execution, distraint, replevin or similar process) shall be rendered against the Borrower that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

ARTICLE VII

REMEDIES

Section 7.01 General Remedies. If any of the Events of Default listed in Article VI hereof shall occur after the date of this Agreement and shall not have been remedied within the

applicable grace periods specified therein (if any), then NCSC may, subject to the terms of the Bond Resolution, as applicable:

- (i) exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter by held, by NCSC or owed to the Borrower or for the credit or account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing hereunder or under the Note. The rights of NCSC under this Section 7.01 are in addition to any other rights and remedies (including other rights of setoff or recoupment) which NCSC may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim;
- (ii) cause the trustee under the terms of the Bond Resolution to pursue all rights and remedies available to NCSC that are contemplated by the Bond Resolution in the manner, upon the conditions, and with the effect provided in the Bond Resolution, including, but not limited to, a suit for specific performance, injunctive relief or damages; and
- (iii) pursue any other rights and remedies available to NCSC at law or in equity.

Section 7.02 Concurrent Remedies. Nothing herein shall limit the right of NCSC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of NCSC 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 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 (i) when personally delivered including, without limitation, by overnight mail or courier service, (ii) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (iii) 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 (i) or (ii) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

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

The Borrower:

The address set forth in

Schedule 1 hereto

Section 8.02 Expenses. The Borrower shall reimburse NCSC for any reasonable costs and out-of-pocket expenses paid or incurred by NCSC (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions NCSC takes, or reimburses the Trustee for taking on its behalf, (a) to enforce the payment of any Obligation hereunder or under the Note, to effect collection of any of the property pledged under the Bond Resolution, or in preparation for such enforcement or collection, (b) to institute, maintain, preserve, enforce and the pledge under the Bond Resolution, whether through judicial proceedings or otherwise, (c) to restructure any of the Obligations hereunder or under the Note, (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 NCSC in connection with any of the foregoing.

The amount of all such expenses identified in this Section 8.02 shall be payable upon demand, and if not paid, shall accrue interest at the then prevailing Variable Rate plus 200 basis points.

Section 8.03 Late Payments. If payment of any amount due hereunder is not received at NCSC's office in Dulles, Virginia, or such other location as NCSC may designate to the Borrower within five (5) Business Days after the due date thereof, the Borrower will pay to NCSC, in addition to all other amounts due under the terms of the Loan Documents, any late-payment charge as may be fixed by NCSC from time to time pursuant to its policies of general application as in effect from time to time.

Section 8.04 Non-Business Day Payments. If any payment to be made by the 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 8.05 Filing Fees. To the extent permitted by law, the Borrower agrees to pay all expenses of NCSC (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of the Bond Resolution, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to execution, filing, registration or recordation of any document or instrument in connection herewith. The Borrower, payable solely as an Annual Project Cost under Section 8 of the Power Contract, agrees to save harmless and indemnify NCSC 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 NCSC in connection with this Agreement. The provisions of this Section shall survive the execution and delivery of this Agreement and the payment of all other amounts due under the Loan Documents.

Section 8.06 Waiver; Modification. No failure on the part of NCSC 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 NCSC 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, the Note or the other Loan Documents (except as otherwise provided in the Bond Resolution) and no consent to any departure by the 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 8.07 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

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

(B) THE BORROWER AND NCSC HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE ALASKA SUPERIOR COURT LOCATED IN ANCHORAGE, ALASKA FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER AND NCSC IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT EITHER OF THEM MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH COURT AND ANY CLAIM THAT SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) THE BORROWER AND NCSC 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 8.08 INDEMNIFICATION. THE BORROWER, PAYABLE SOLELY AS AN ANNUAL PROJECT COST UNDER SECTION 8 OF THE POWER CONTRACT, HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND NCSC 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 AGREEMENT AND THE OTHER LOAN DOCUMENTS, THE PROPERTY PLEDGED UNDER THE BOND RESOLUTION, 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, EXCEPTING ANY SUCH MATTERS ARISING SOLELY FROM, AND TO THE EXTENT OF, THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF NCSC OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.10 HEREOF, THE OBLIGATIONS IMPOSED UPON THE BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE NOTE, THE TERMINATION OF THIS AGREEMENT AND THE TERMINATION OR RELEASE OF THE LIEN OF THE BOND RESOLUTION.

Section 8.09 Complete Agreement. This Agreement, together with the schedules to this Agreement, the Note 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 (other than the Bond Resolution), the terms and provisions of this Agreement shall control.

Section 8.10 Survival; Successors and Assigns. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall survive the execution and delivery to NCSC of the Loan Documents and the making of the Advances 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 the Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of NCSC. Unless otherwise required by law, the Borrower shall not assign its rights or obligations under this Agreement without the prior written consent of NCSC.

Section 8.11 Use of Terms. The use of the singular herein shall also refer to the plural, and vice versa.

Section 8.12 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 8.13 Severability. If any term, provision or condition, or any part thereof, of this Agreement, the Note 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, the Note 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 8.14 Binding Effect. This Agreement shall become effective when it shall have been executed by both the Borrower and NCSC and thereafter shall be binding upon and inure to the benefit of the Borrower and NCSC and their respective successors and assigns as provided in Section 8.10.

Section 8.15 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 8.16 Rescission. Any amount of the Commitment not advanced prior to the end of the Draw Period shall be automatically rescinded by NCSC and the Commitment shall automatically be reduced by such amount without fee.

Section 8.17 Schedules; Exhibits. All Schedules and Exhibits are integral parts of this Agreement.

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

ALASKA ENERGY AUTHORITY

By: _____

Title: _____

Attest: _____

Title: _____

**NATIONAL COOPERATIVE
SERVICES CORPORATION**

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

SCHEDULE 1

1. The purpose of the Advance is to finance capital costs of the Diversion Project and pay Note issuance costs.
2. The aggregate Commitment is \$[5,761,000.00].
3. The Closing Date referred to in Section 1.01 is _____ or on such other Business Day thereafter as may be agreed to by the Borrower and NCSC, so long as all the conditions set forth in Section 4.01 have been fulfilled.
4. Draw Period shall mean the period of beginning on the Closing Date hereof and ending on the date that is three (3) years thereafter.
5. The Bond Resolution referred to in Section 1.01 is Resolution No. 1989-12 of the Borrower, adopted by the Board of Directors of the Borrower on September 7, 1989, as it may have been or shall be in the future be supplemented, amended, consolidated, or restated from time to time, including by the Bond Resolution Supplement.
6. The Bond Resolution Supplement referred to in Section 1.01 is that certain Supplemental Resolution No. 2017-__, adopted by the Board of Directors of the Borrower on December 7, 2017, as it may have been or shall be in the future be supplemented, amended, consolidated, or restated from time to time.
7. The Note executed pursuant hereto is as follows:

LOAN NUMBER	AMOUNT
AK403-A-9002	\$[5,761,000.00]

8. The date of the balance sheet and statement of operations referred to in Section 2.01.G is June 30, 2017.
9. The address for notices to the Borrower referred to in Section 8.01 is:

If by personal delivery (including overnight mail or courier service):

Alaska Energy Authority

Attention: _____

If by United States Mail

Attention: _____

If by facsimile:

Fax: _____

EXHIBIT A**LOAN ADVANCE FORM**

Borrower Name	Borrower ID #	Facility #	Advance Date	Advance Amount
Alaska Energy Authority	AK403	A-9002		

Loan Advance Purpose

Interest Rate:	<i>Variable Rate (NCSC Associate)</i>
-----------------------	---------------------------------------

Banking Information		Correspondent Bank Information	
Bank Name:		Routing Bank Name	
City, State:		Routing Bank City, State	
Bank ABA #		Routing Bank ABA #	
Bank Account #			

CERTIFICATION

Acting on behalf of the Borrower, I hereby certify that as of the date below: (1) I am duly authorized to make this certification and to request funds on the terms specified herein; (2) the Borrower has met all of the conditions contained in the loan agreement governing the terms of this Advance ("Loan Agreement") that the Borrower is required to meet prior to an Advance of funds; (3) all of the representations and warranties contained in the Loan Agreement are true and correct in all material respects (except to the extent any representation or warranty was made as of a specified date, in which case such representation and warranty shall have been true and correct as of the specified date); (4) No event or condition that constitutes an Event of Default, or which upon notice under the Loan Agreement, lapse of time under or both would, unless cured or waived, become an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to the Advance on the books of the Borrower; (5) there has not occurred a material adverse change in, or a material adverse effect on, the business, assets, liabilities (actual or contingent), operations or condition (financial or otherwise) of the Borrower; and (6) the funds requested herein will be used only for the purposes specified in the Loan Agreement.

I hereby authorize NCSC, for and on behalf of the Borrower, to make this Advance on the following terms, and hereby acknowledge and agree that such terms shall be binding upon Borrower under the provisions of the loan agreement governing this Advance:

Certified By:

_____	_____	_____
Signature	Date	Title of Authorized Officer

**** FOR INTERNAL USE ONLY ****

Amortization Method	_____	Principal Deferral
Advance Approved By:	_____	
	Portfolio Manager	