

HENDERSUN INTEREST GROUP AGREEMENT

WHEREAS, HenderSun Energy LLC (HenderSun) has proposed a HenderSun Generation facility ("Project") that has the potential to provide cost-effective capacity and energy to the bulk transmission system, and

WHEREAS, the development of the Project will require revenue certainty to achieve commercial financing for the Project, and

WHEREAS, the Project has been substantially permitted, but HenderSun must obtain financing prior to beginning detailed engineering and construction;

WHEREAS, the undersigned municipal and cooperative electric utility entities (collectively "Interest Group") have expressed interest to enter into an agreement for the purchase of energy and capacity for a term of years that could provide additional revenue assurance to assist in the financing of the Project, and

WHEREAS, mutual advantage may be obtained by the Interest Group from the coordinated planning and negotiating with HenderSun for their individual or joint purchases, sales and exchanges of electric power and related resources; and

WHEREAS, additional mutual advantage may be obtained by the Interest Group from cooperatively negotiating natural gas pipeline capacity, natural gas storage, natural gas transportation, natural gas commodity hedging and natural gas purchasing for the purposes of fuel for their share of output from the Project; and

WHEREAS, achieving the mutual advantages for the Interest Group will be assisted by common funding of certain activities for the development of mutually acceptable terms and conditions associated with the potential purchase of energy and capacity from the Project.

NOW, THEREFORE, this HenderSun Interest Group Agreement (the "Agreement") is entered into this ____day of _____, 2016, by the members of the Interest Group pursuant the respective legal authority granted to the governing body of each participant on the following terms and conditions:

ARTICLE I ESTABLISHMENT OF THE HENDERSUN INTEREST GROUP

Section 1. Establishment of the HenderSun Interest Group. . The undersigned parties and any other public power or electric cooperative entity that may be admitted as a party to this Agreement in accordance with the provisions of Section 7 of Article V hereof shall be known as the HenderSun Interest Group (herein referred to as the "HIG" or "Interest Group") and each participant shall be known as a "Member" of the HIG.

ARTICLE II

PURPOSES AND POWERS OF THE HENDERSUN INTEREST GROUP

Section 1. Purpose of the HenderSun Interest Group. The group is formed to allow the Members to effectively collaborate to facilitate the development of the Project, to develop proposed terms and conditions for the purchase of electric energy and capacity from the Project, to explore opportunities for the cooperative procurement by Members of natural gas, natural gas transportation, natural gas storage and natural gas scheduling services for the Project, and, to evaluate alternatives for the scheduling and taking delivery of the Members' share of output from the Project.

Section 2. The Objectives of the HIG. In order to carry out the purposes of the HIG set forth herein, the HIG shall have the following objectives:

- (a) to negotiate a template for a potential power purchase agreement for capacity and energy from the Project;
- (b) to develop a scope of work and budget for the HIG work scope, to be approved by Members in accord with Article III, Section 4, of this Agreement, and a procedure for assessing Members for their share of those costs to fund the activities of the HIG;
- (c) to cooperate with other persons or other entities, public or private, regarding the development of the Project and potential fuel supply arrangements for the Project;
- (d) to receive, hold, and use funds received from the Members, or otherwise, for the approved objectives of HIG; and
- (e) to undertake or participate in other activities in furtherance of the purpose stated in Article II, Section 1, as are unanimously approved by the Members.

Section 3. Membership. Each Member shall designate one person to serve as its voting representative, and an alternate, and so advise the Chairperson who will communicate that designation to all the Members. If the designated representative cannot attend, the alternate can attend and vote in place of the designated representative. A Member may replace its voting representative with another designated person, upon providing written notification to the Chairperson and the Members. The Chairperson will keep the official list and email address of the voting representative and alternate of each Member and will make it available to any Member upon request.

ARTICLE III

Participation and Contribution Share Determination

Section 1. Initial Participation Level. Each Member shall designate its initial projected minimum and maximum Megawatt capacity interest for each of the first 10 years of operation of the Project, assuming a commercial operation date of January 1, 2020. The average of the yearly minimum and maximum designated capacity interests of each Member (“Average Member Projection”) will be used to determine the allocation of HIG costs among its Members. **[Suggest that there be a mandatory minimum and limit on the maximum shares.]**

Section 2. Cost Allocation Methodology. HIG costs shall be allocated among the Members pursuant to the following formula:

$$MC_i = \left(\sum_{y=1}^{10} AMP_i \div \sum_{y=1}^{10} APCM \right) \times 100$$

Where:

MC_i = Member i share (%)

AMP_i = Average Member i Projection in each year (y)

$APCM$ = Average Projected Capacity for all Members

The Chairperson of HIG will administer the cost allocation methodology and will use it to calculate and assess the cash contribution obligation of each Member for costs approved pursuant to Article III, Section 4 below.

Section 3. Meetings. The Members shall meet periodically and at least annually to discuss their interests, the progress of the Project, and the scope of work conducted by HIG, at a place determined by a simple majority of the Members, or by conference call, web conference call, or video conference. A minimum of five business days advance notice of any meeting shall be provided to each Member, unless waived by all Members.

Section 4. Quorum and Voting. A quorum exists at any meeting of the Members where at least a majority of the Members are present, either in person or via teleconference. If a quorum exists, a Majority Vote of the Members shall be necessary to take any action. A Majority Vote of the Members requires an affirmative vote of a majority of number of Members and a majority in terms of Member shares. For example if there are 8 Members, a Majority Vote of Members will require approval of at least 5 Members, and that those Members represent more than 50% of the Member shares, as determined under Article III, Section 2. Members may participate in HIG meetings by telephone conference call, web conference call, or video conferencing and will be deemed present at the meeting if they use such participation. Approval of any activity of the HIG for which costs will be assessed to the Members must be unanimously approved by all Members. A notice of any meeting at which a vote on any activity of the HIG for which costs will be assessed to the Members shall include reasonable detail regarding the scope and the estimated costs to be

incurred by the Members for the activity. Members not present at a meeting may indicate their respective approvals or disapprovals by email or otherwise in writing to the other Members.

Section 5. Chairperson. The voting representatives of the Members will elect a Chairperson who will serve until replaced by a like vote and who will be responsible for coordinating all meetings; establishing agendas; processing and paying invoices from services providers working on the approved work scope; maintaining accounting records of all HIG transactions; administering the assessment and collection of costs allocated to the Members; and such other duties as are delegated by the Members to the Chairperson.

Section 6. Termination of Membership. Any Member may terminate its Membership in HIG at any time by providing email or other written notice to the other Members. A Member's participation in HIG may also be terminated for cause upon a Majority Vote of the Members after notice of a meeting to be held for that purpose. "Cause" means a material breach of this Agreement, including, but not limited to, failure to pay a cost assessment within 30 days of assessment or irreconcilable conflicts of interest. A terminating or terminated Member will be responsible for its allocated share of all HIG costs approved by all Members and incurred prior to its termination and shall be entitled to a prompt refund of any amounts it may have paid to HIG pursuant to one or more assessments that collectively were premised upon a higher level of total HIG costs than the total level approved by the Members and incurred as of the time of its termination notice.

ARTICLE IV CASH CONTRIBUTIONS AND HIG ACCOUNT

The Chairperson's Member shall establish a separate bank account into which cash contributions received from Members pursuant to Article III shall be deposited and from which authorized HIG expenditures shall be paid. The Chairperson's Member will administer the HIG bank account and will keep records of all HIG transactions, as well as the cumulative contributions made by each Member. The Chairperson will make all HIG records available to any Member upon request.

ARTICLE V MISCELLANEOUS PROVISIONS

Section 1. Term. This Agreement shall commence on the date entered above and shall continue until terminated as provided in Section 2 of this Article V, provided that all of HIG's liabilities shall have been satisfied or adequate provision for such satisfaction shall have been made in accordance with the instruments governing such HIG obligations.

Section 2. Termination. This Agreement shall continue in full force and effect until the Members terminate this Agreement in accordance with this Section 2. Any such termination of this Agreement shall end the activities of HIG and authorize the Chairperson to immediately notify all contractors or services providers to HIG to cease and wind up their work. Termination of this Agreement may be accomplished by a Majority Vote of the Members, including a writing or writings executed by the representative of each Member that evidences its desire to terminate this Agreement. Notwithstanding voluntary termination of the Agreement, each Member remains

obligated to fully satisfy its obligations for its allocated share of all HIG costs approved by all Members and incurred prior to termination and shall be entitled to a refund of any amounts it may have paid to HIG pursuant to one or more assessments that collectively were premised upon a higher level of total HIG costs than the total amount incurred by HIG.

Section 3. Confidentiality. In connection with activities of HIG, Members may acquire proprietary data and other confidential information of other Members with respect to operations, contracts, customers, and business relationships, including, without limitation, financial data, trade secrets concerning the business and affairs of Members, processes, pricing, business plans, databases, know-how and other confidential material. Further, the Members may from time to time engage legal counsel to provide advice on particular legal matters related to HIG purposes, and all such attorney-client communications and attorney work product shall be maintained as privileged and confidential. All such information described herein is collectively referred to as Confidential Information. Except as otherwise required by law, each Member shall not, and shall ensure that such Member's representatives do not: (i) without the prior written consent of all of the Members, directly or indirectly communicate or divulge to any person that is not a Member, or use for said Member's own benefit or the benefit of any other individual, entity, firm or association, any Confidential Information, or (ii) without the prior written consent of the disclosing Member, directly or indirectly communicate or divulge to any person that is not a Member, or use for said Member's (other than the disclosing Member) own benefit or the benefit of any other individual, entity, firm or association, any Confidential Information disclosed by the disclosing Member to a HIG Member. Any Member shall be entitled to injunctive relief, in addition to any other legal remedy, for the violation of this provision by any person. Each Member's obligations under this Section shall survive the termination of this Agreement. Each Member also agrees to observe and comply with the terms and conditions of any confidentiality agreement or nondisclosure agreement that it previously made with HenderSun Energy LLC or with regard to the Project.

Section 4. Liability. (a) No Member shall be liable to any other Member under this Agreement for any special, incidental, consequential, indirect or punitive damages (whether they be exemplary, treble or punitive damages, or any other penalty); provided, however, that the foregoing exclusion shall not apply to liability for damages arising from the third-party claims that are indemnified by a Member pursuant to the indemnification provisions set forth in Section 6 below.

(b) The Chairperson shall have no liability to the Members for any act or omission taken in good faith in his or her capacity as Chairperson, but liability shall attach for willful misconduct.

Section 5. Right of Contribution.

In the event that:

(a) Damages are imposed on the Members on a joint and several basis arising from a third-party claim that is not indemnified by another Member, then such damages will be allocated pro-rata among all of the Members in accordance with their Member cost shares, subject to the indemnification provisions set forth in Section 6 below;

(b) a Member pays more than its Member cost share in connection with discharging a liability of one or more Members to a person other than a Member arising under this Agreement, including damages in connection with third-party claims, then such Member shall have a right of contribution against any Member that has not paid its Member cost share of such damages; or

(c) a Member is subject to a stay in bankruptcy or withdraws or is deemed to have withdrawn from this Agreement and any amount due hereunder from such Member remains unpaid for a period of sixty (60) days, then such unpaid amount shall be remitted by the remaining Members on a pro-rata basis in accordance with the Member cost shares, as such percentages are adjusted for the removal of the bankrupt, withdrawn or deemed withdrawn Member such that the remaining Members will remit one hundred percent (100%) of such unpaid amount. Nothing herein shall be deemed to relieve the bankrupt, withdrawn or deemed withdrawn Member from its payment obligations under this Agreement, and each remaining Member that remits a payment on behalf of such Member shall have a right of contribution against the Member on whose behalf such payment was made.

Section 6. Indemnification.

(a) Indemnification by Members. Each Member acting in its capacity as a Member shall defend, indemnify and hold harmless to the extent allowed by Applicable Law each other Member and its respective shareholders, members, partners, affiliates, members of its governing body, officers, employees and agents, from and against third-party claims for damages arising from such Member's (i) intentional/willful misconduct, (ii) gross negligence, and/or (iii) sole negligence; provided, however, that with respect to damages arising from third-party claims of negligence, such Member shall be liable only to the extent of its contributory negligence and it shall not be liable to the extent of the negligence of others.

(b) Notice of Indemnified Claim. A Member seeking indemnification under this Section shall give prompt written notice of the claim, action, or proceeding to the indemnifying Member.

Section 7. Assignment. A Member may not assign this Agreement, or its rights or interests under this Agreement, including any property interests herein and hereunder, without the prior written consent of all other Members. Any such purported assignment by a Member without such consent shall be null, void and of no legal effect whatsoever.

Section 8. Effective Date. This Agreement shall be effective as to each Member immediately at such time that it is executed by a duly authorized representative of such Member.

Section 9. Public Disclosure and Statements on Behalf of HIG.

(a) No representation of or statement of a position on behalf of HIG on any issue shall be made by the Chairman, or any Member, unless authorized by Majority Vote of the Members.

(b) If a Member intends to make, directly or indirectly, any material public comment, statement, or communication (such as a press release) with respect to, or otherwise to disclose or to permit the disclosure of material terms, conditions, or other material aspects of this Agreement, of HIG, or the Project, it shall use reasonable commercial efforts to first provide to the other Members the content of the proposed disclosure, and the time and place that the disclosure will be made and provide the other Members a reasonable opportunity to comment on the proposed disclosure; provided, that in no case shall such public comment, statement or communication include any confidential or proprietary information, including Confidential Information.

Section 10. New Members. The Members may permit any entity operating as a municipal electric system or electric cooperative, or a cooperative wholesale power supplier or municipal joint action agency supplying electric power to those types of organizations, to become a party to this Agreement; provided, however, that no such entity shall become a party hereto until (i) its admission is approved at a regular or special meeting of the Members and (ii) such entity agrees to the conditions precedent to its Membership as then determined by the Members and this Agreement; such conditions precedent to include, but not be limited to, payment to the HIG by the new party to this Agreement of an amount equal to an allocable share of all prior cost allocation payments made by the Members using the cost allocation methodology of Article III, Section 2 to reflect the new Member becoming a party to this Agreement, with said payment to HIG to be used for reimbursement to the existing Members of their respective allocable shares of prior cost allocation payments.

Section 11. Relationship of Members.

The covenants, obligations and liabilities of the Members are intended to be several and not joint or collective and nothing herein contained shall ever be construed to create an association, joint venture, trust, partnership or other legal relationship, or to impose a trust or partnership covenant, obligation or liability on or with regard to any of the Members.

Section 12. Notices.

All notices, requests or other communications required under this Agreement shall be in writing and shall be sufficient in all respects: (i) if delivered in person or by courier, upon receipt by the intended recipient (as confirmed by, if delivered by courier, the records of such courier), (ii) if sent by facsimile transmission, when the sender receives confirmation from the sending facsimile machine that such facsimile transmission was transmitted to the facsimile number of the addressee, (iii) if mailed, upon the date of delivery as shown by the return receipt therefor, or (iv) if delivered by a nationally recognized overnight mail or courier delivery service, upon the date of delivery.

Notices shall be sent to the addresses of the Members as set forth on the signature page of each Member. A Member may, at any time, by written notice to other Members, designate different or additional addresses for giving of notices, demands or requests to it hereunder.

Section 13. Execution by Counterparts. This Agreement may be executed in several counterparts, each of which will be an original but all of which together shall constitute one and the same instrument.

Section 14. No Rights or Benefits to Third Parties. Except as otherwise specifically provided in this Agreement, the Members do not intend to create rights in or to grant remedies to any third party as a beneficiary of this Agreement or to create any duty to or standard of care on behalf of any third party by any covenant, obligation or undertaking established herein. There shall be no incidental third party beneficiaries to this Agreement and, by way of clarification and not of limitation, no governmental body, customer or member of a Member is an intended or incidental third party beneficiary hereof.

Section 15. Severability. In the event that any of the terms, covenants or conditions of this Agreement or their application shall be held invalid as to any person, entity or circumstances by any court having jurisdiction, the remainder of this Agreement and the application and effect of its terms, covenants or conditions to such persons, corporations or circumstances shall not be affected thereby.

Section 16. Governing Law. This Agreement shall be governed by and interpreted under the laws of the Commonwealth of Kentucky.

[Remainder of Page Intentionally Left Blank - Signature Pages Follow]

Signature Page

Member Name: _____

Signature: _____

Printed Name: _____

Title: _____

Address: _____

Fax #: _____

Date: _____

Witness: _____