

KyMEA GUARANTY, AS AGENT

This Guaranty is made by Kentucky Municipal Energy Agency, an interlocal agency organized and existing under the laws of the Commonwealth of Kentucky ("KyMEA" or "Guarantor"), in favor of Midcontinent Independent System Operator, Inc. ("MISO").

WHEREAS, KyMEA enters into this Guaranty as agent for, on behalf of and as authorized by, its Members, as defined herein and in the Interlocal Cooperation Agreement Creating the Kentucky Municipal Energy Agency dated June 16, 2015, and as contemplated under terms of All Requirements Power Sales Contracts and Agency Agreements for Procurement of Transmission Services (individually, a "Member Agreement" and, collectively, "Member Agreements"), as applicable, between KyMEA and those KyMEA members who are now or in the future become a party to a Member Agreement (each, a "Member" and collectively, "Members").

WHEREAS, MISO has entered into or is entering into one or more agreements for the provision of transmission, ancillary and related services with KyMEA, either on KyMEA's own behalf or as agent for its Members and as contemplated under terms of the Member Agreements between KyMEA and its Members.

WHEREAS, these MISO services are provided to KyMEA under the terms and conditions of the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff on file with the Federal Energy Regulatory Commission, as may be amended and supplemented from time to time, together with all schedules and attachments thereto and any replacements or substitutes (the "Tariff"). The Tariff, any and all agreements entered into by KyMEA under, pursuant to or in connection with the Tariff, and any and all agreements for the provision of transmission, ancillary and related services, including but not limited to the Service Agreement and the Market Participation Agreement, to which KyMEA and MISO are parties, each as it may be amended from time to time and whether it currently exists or is entered into at any time in the future, are collectively referred to herein as the "Service Agreements."

WHEREAS, as a condition of such Service Agreements, MISO is requiring KyMEA, as the agent of its Members to enter into this Guaranty; and

WHEREAS, KyMEA, as agent for its Members and by virtue of its contractual relationship with its Members, deems it to be in its Members' best interest, based on sound business judgment, in that valuable benefits will be derived by KyMEA Members by virtue of the Service Agreements, to execute and deliver this Guaranty to MISO.

NOW, THEREFORE, in order to satisfy the aforesaid conditions of the Service Agreements, and further, in order for KyMEA to obtain the benefits resulting from MISO's performance pursuant to the Service Agreements, KyMEA desires to enter into this Guaranty and hereby agrees as follows:

1. Guaranty. KyMEA, as agent for its Members, hereby guarantees on its own behalf and on behalf of each Member, subject to the limitations set forth in this paragraph 1 and paragraph 4 below, the prompt payment when due of all sums hereafter owed by KyMEA (who is acting as the agent for the Members) to MISO under the terms of the Service Agreements (such obligations are herein referred to as the "Service Agreement Obligations"); provided,

however, that Guarantor's maximum financial obligation under this Guaranty is limited to Fifty Million U.S. Dollars (\$50,000,000.00), plus all costs and expenses incurred by MISO to enforce the terms of this Guaranty (including reasonable attorneys' fees). KyMEA's obligations under this Guaranty shall be as Guarantor of payment of all costs incurred by KyMEA under the Service Agreements for the benefit of its Members, including, without limitation, timely collection of the Member obligations under each Member's Member Agreement with KyMEA. Upon the occurrence of a default by KyMEA under the Service Agreements or any KyMEA Member under a Member Agreement, KyMEA agrees to promptly provide to MISO a detailed accounting of each KyMEA Member's monthly load ratio share of responsibility to KyMEA for Service Agreement Obligations (each a "Member Load Ratio Share") averaged over the preceding twelve (12) months, the exact amount owed to KyMEA by each KyMEA Member for its share of any outstanding Service Agreement Obligations, and all other information reasonably requested by MISO to verify the amounts owed.

- (a) KyMEA represents that it has no independent source of revenue for the payment of its obligations hereunder, other than the revenue derived from its Members pursuant to the Member Agreements. It is further represented that KyMEA has entered into a Member Agreement with each of the Members sufficient to satisfy its obligations under this Guaranty (each of which is in the form submitted to MISO), each of such Member Agreements is in full force and effect and KyMEA has not received notice from any Member of such Member's intent to terminate or assign its Member Agreement.
 - (b) KyMEA, as Guarantor, acts on behalf of its Members only to the extent of their respective Member Load Ratio Shares as determined and applicable from time to time. KyMEA is not authorized to pledge the credit of or bind any Member in any manner.
 - (c) Each Member shall be liable only for its own acts. Nothing in this Guaranty shall be construed to create joint or several liability of a Member for the acts, omissions or obligations of another Member.
 - (d) KyMEA agrees to make a commercially reasonable effort to enforce the terms of the Member Agreements against each Member in order to make and assure KyMEA's payment of all Service Agreement Obligations.
2. Amendments. No amendment of this Guaranty shall be effective unless signed by KyMEA and MISO. No waiver by MISO of any provision of this Guaranty nor consent to any departure by KyMEA therefrom shall in any event be effective unless the same shall be in writing and signed by MISO, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.
3. Addresses for Notices. All notices and other communications provided for hereunder shall, unless otherwise specifically provided elsewhere herein, (i) be in writing and shall be addressed to the parties at their respective addresses

set forth below or at such other addresses as shall be designated in a written notice to the other party, and (ii) when mailed, be effective five (5) business days after being deposited in the U.S. mail, registered or certified, return receipt requested, postage prepaid, or, in the case of personal delivery, be effective when delivered at the following addresses:

if to Guarantor, KyMEA: Kentucky Municipal Energy Agency
Attn: Chief Financial Officer
450 South Third Street
Louisville, Kentucky 40202

if to MISO: Midcontinent Independent System Operator, Inc.
Attn: Director, Finance & Accounting
720 City Center Drive
Carmel, Indiana 46032

with a copy to: Midcontinent Independent System Operator, Inc.
Attn: Chief Financial Officer
720 City Center Drive
Carmel, Indiana 46032

4. Non-waiver of Claim or Defense Under the Service Agreements. Nothing contained herein shall constitute a waiver, discharge or release of any claim or defense, whether it or they be at law, equity or otherwise, that KyMEA, as agent for its Members, has, or at any other time hereafter will have, against MISO with respect to, or relating in any way to, (i) MISO's performance under the Service Agreements or (ii) KyMEA's obligation to pay the Service Agreement Obligations. KyMEA shall be entitled to and enjoy all the rights, defenses and benefits to which KyMEA is entitled or may become entitled under the Service Agreements.
5. Release of Guarantor. Upon the satisfaction by KyMEA, acting as agent for its Members, of all Service Agreement Obligations for the benefit of MISO and the termination of all Service Agreements by MISO, in writing, KyMEA, as Guarantor, shall be released from any and all future claims and rights of MISO against KyMEA with the exception of any payment rescinded and returned by MISO relative to a proceeding set forth in paragraph 6(a) below.
6. Effect of Certain Events. KyMEA agrees that KyMEA's liability hereunder will not be released, reduced or impaired by the occurrence of any one or more of the following events:
 - (a) the insolvency, bankruptcy, reorganization, release, receivership or discharge of KyMEA or any Member; or
 - (b) the renewal, consolidation, extension, modification or amendment from time to time of the Service Agreements.
7. Waiver. KyMEA hereby waives notice of acceptance of this Guaranty, creation or change of the amount of the Service Agreement Obligations, dishonor, nonpayment, protest and presentment.
8. Continuing Guaranty. This Guaranty is an absolute, unconditional and

continuing guaranty of the full and punctual payment and performance by KyMEA of all of its obligations under each of the Service Agreements. This is a continuing guaranty and shall be binding upon KyMEA regardless of (i) how long after the date hereof any Service Agreement is entered into, (ii) how long after the date hereof any part of the obligations under any of the Service Agreements is incurred by KyMEA; and (iii) the amount of the obligations under the Service Agreements at any time outstanding. MISO may enforce this Guaranty from time to time and as often as occasion for such enforcement may arise.

9. Successors and Assigns. This Guaranty shall inure to the benefit of MISO, its successors and assigns. KyMEA may assign its obligations under this Guaranty only with the prior written consent of MISO.
10. Governing Law and Jurisdiction. The validity, construction, interpretation, effect and performance of this Guaranty shall be governed by the laws of the State of Indiana, without regard to conflicts of law principles. Except as to matters within the jurisdiction of the Federal Energy Regulatory Commission, KyMEA hereby irrevocably submits to the jurisdiction of any Indiana or United States Federal court sitting in Indiana over any action or proceeding arising out of or relating to this Guaranty or any of the Service Agreements, and KyMEA hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Indiana state or Federal court. KyMEA irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to KyMEA at its address provided pursuant to Section 3 hereof. KyMEA agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. KyMEA further waives any objection in any such action or proceeding to venue in Indiana and any objection to any such action or proceeding in such State on the basis of forum non-conveniens. KyMEA further agrees that any such action or proceeding brought against MISO shall be brought only in Indiana or the United States Federal courts sitting in Indiana. Nothing herein shall affect the right of MISO to bring any action or proceeding against KyMEA or its property in the courts of any other jurisdictions.
11. Financial Reporting. KyMEA acknowledges and affirms its obligation to submit any and all documents that KyMEA is required to submit under MISO's Credit Policy, as may be amended from time to time (the "Credit Policy"), including, without limitation, (i) at least annually a current bond/debt rating report for senior unsecured debt of KyMEA or an issuer rating, issued by Fitch Ratings, Moody's Investor Services or Standard & Poor's, promptly upon its issuance, if such rating exists and (ii) financial reports of KyMEA promptly upon their issuance including, without limitation, annual audited financial statements prepared in accordance with generally accepted accounting principles, with auditor notes and auditor's report, to be delivered no later than one hundred twenty (120) days after the end of each fiscal year of KyMEA and, if requested, internally prepared quarterly financial statements, no later than sixty (60) days after the end of each fiscal quarter of KyMEA.

KyMEA's obligations under this Paragraph 11 may be satisfied by KyMEA's delivery of the above annual financial information for KyMEA Members comprising at least 70% of the Member Load Ratio Shares, including all Members with a Member Load Ratio Share of 5% or more, at the times requested herein. Further, KyMEA must inform MISO in writing within five (5) Business Days of any Material Change (as defined in the Credit Policy, as may be amended from time to time) in its or any of its Member's financial status. Upon the occurrence of a default under the Service Agreements by KyMEA, KyMEA agrees to promptly provide the aforementioned financial information for all KyMEA Members. In addition to any other remedies available at law or in equity, KyMEA's failure to provide this information may result in proceedings by MISO to terminate the Service Agreements.

12. Member Load Ratio Share Reporting. KyMEA shall provide to MISO at least annually, no later than one hundred twenty (120) days after the end of each fiscal year of KyMEA, and as may be reasonably requested by MISO from time to time, a tabulation of the average over the preceding twelve (12) months of each Member's Member Load Ratio Share.
13. Headings. The headings used herein are for purposes of convenience only and shall not be used in construing the provisions hereof.
14. Waiver of Jury Trial. KyMEA ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY COUNSEL OF ITS CHOICE OF VENUE WITH RESPECT TO THIS GUARANTY AND THAT IT MAKES THE FOLLOWING WAIVER KNOWINGLY AND VOLUNTARILY. GUARANTOR IRREVOCABLY WAIVES TRIAL BY JURY IN ANY COURT AND IN ANY SUIT, ACTION OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY, THE SERVICE AGREEMENTS OR ANY DOCUMENTS RELATED THERETO (INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS) AND THE ENFORCEMENT OF ANY OF KyMEA'S RIGHTS AND REMEDIES.

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IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered by its duly authorized officer effective as of this ____ day of July, 2017.

GUARANTOR:

Kentucky Municipal Energy Agency

By: _____

Printed Name: _____

Title: Chairman

Attest:

Secretary

ACCEPTED BY:

Midcontinent Independent System Operator, Inc.

By: _____

Printed Name: _____

Title: _____