

November 19, 2018

Re: Kentucky Municipal Energy Agency (KYMEA") Request for Proposals ("RFP") for Revolving Line of Credit ("LOC")

To Whom It May Concern:

On behalf of KYMEA, its Vice President of Finance and Accounting and Chief Financial Officer will, until December 7, 2018 at 4:00 PM EST, accept offers by mail or email (see below for submittal information) for up to \$20 million of its proposed LOC, the proceeds of which will be used to meet ongoing liquidity needs and monthly cashflow needs of KYMEA due to timing differences between receipt of revenues from assessments, power sales and transmission services.

Desired Components of the RFP Response

Listed below are several desired components that KYMEA requests all respondents to include in their responses, and also the features that KYMEA will look favorably upon in the award of the LOC.

(1) Amount: For purposes of the RFP, assume KYMEA will need a LOC of up to \$20 million. KYMEA's liquidity needs may increase to \$30 million.

(2) Term: The line of credit shall be a revolving line of credit, automatically renewed from year to year, unless it receives formal notice from the LOC provider that the LOC will be terminated or withdrawn. In such case, KYMEA requires at least 90 days' notice of such termination or withdrawal.

(3) Payment of Interest: It is the intention of KYMEA to make ongoing interest payments on the LOC. KYMEA would prefer semi-annual interest payments due on June 1 and December 1, or such other dates as may be agreed upon by KYMEA and the respondent.

(4) Security: The LOC will be secured by the revenues of KYMEA.

(5) Fixed or Variable Rate Proposals: KYMEA will entertain proposals on either a fixed or variable rate, or both. If the proposal is variable, KYMEA would require that the respondent indicate the index and formula for the calculation of the variable rate and how often said rate would change. For a fixed rate proposal, KYMEA would require that the respondent indicate the maximum term of the fixed rate.

(6) Tax Status: Per Federal tax law and regulations, interest on the LOC is not tax-exempt due to the proceeds thereof being used for KYMEA's working capital needs.

(7) Conditions: Any conditions or requirements associated with a proposal should be clearly disclosed as part of said proposal.

(8) Legal Opinion: Rubin & Hays, Louisville, Kentucky will deliver an opinion at the closing regarding the enforceability and validity of the LOC.

(9) Costs: Proposals must disclose any and all costs associated with said proposal.

(10) Award of LOC: KYMEA will award the LOC to the respondent that KYMEA determines, in its sole discretion, has submitted a proposal that meets criteria of most importance to KYMEA. It is expected that the authorization to award the LOC at level of not less than \$20 million will occur at KYMEA's December meeting to be held on December 19, 2018. At that time, it is expected that the KYMEA board will accept the most favorable proposal received and authorize KYMEA's officers to execute all loan agreements and other documents necessary to close the LOC transaction. A closing of the LOC would occur on or about January 31, 2019. KYMEA would request that due diligence and formal credit approval by respondent be substantially completed at the time respondent submits its proposal, subject to the review and approval by respondent of all applicable legal documents associated with the closing of the transaction.

(11) Deposit relationship: KYMEA expects that its deposit relationship will also be awarded to the LOC winning bidder.

(12) Credit Rating: KYMEA is rated "A" by Fitch Ratings Service. A copy of the Fitch Ratings Service credit report is attached to this request.

(13) Right to Reject Proposal: KYMEA reserves the right to reject any and all proposals for whatever reason it deems appropriate, and waive any informalities, irregularities, or defects that, in the judgment of KYMEA and its advisors, would be minor or immaterial.

(14) Question Period: KYMEA will allow for questions regarding this RFP until 5:00 PM EST, December 6, 2018. All questions should be directed to KYMEA's Vice President of Finance and Accounting and Chief Financial Officer, Ms. Heather Overby, at 502-242-5637 or at hoverby@kymea.org. KYMEA reserves the right to direct any answers to questions that it receives to all other respondents of the RFP.



(15) Submission of Proposals: As indicated above, all proposals should be directed to KYMEA as follows:

Ms. Heather Overby
Kentucky Municipal Energy Agency
1700 Eastpoint Parkway, Suite 220
Louisville, Kentucky 40223
Phone: 502-242-5637
hoverby@kymea.org

On behalf of KYMEA, it is asked that your financial institution respectfully consider responding to this RFP as outlined in the above correspondence.

Sincerely,



Heather R. Overby, CPA
Vice President of Finance and Accounting and Chief Financial Officer

Attachments: KYMEA Pro Forma Income Statement, Line of Credit Budget, and Cash Flow
KYMEA Audited Financial Statements as of June 30, 2018
KYMEA Presentation to Fitch
Credit Report, Fitch Ratings Service

