MEETING OF THE COMMISSION OF THE 
WALNUT ENERGY CENTER AUTHORITY 

TURLOCK IRRIGATION DISTRICT 
BOARD ROOM, MAIN OFFICE BUILDING 
333 EAST CANAL DRIVE 
TURLOCK, CALIFORNIA 

Regular Meeting 
9:00 a.m., Tuesday, June 26, 2018 

The public is invited to comment upon any item appearing on the agenda at the time it is being considered. 

ALTERNATE FORMATS OF THIS AGENDA WILL BE MADE AVAILABLE UPON REQUEST TO QUALIFIED INDIVIDUALS WITH DISABILITIES. APPROPRIATE INTERPRETIVE SERVICES FOR THIS MEETING WILL BE PROVIDED IF FEASIBLE UPON ADVANCE REQUEST TO QUALIFIED INDIVIDUALS WITH DISABILITIES. 

AGENDA 

A. Call to Order 

B. Approval of Minutes of January 16, 2018 

C. Business from the Public 

Public Comment – Interested persons in the audience are welcome to introduce any topic within the Authority’s jurisdiction. Matters presented under this heading may be discussed, but no action will be taken by the Commission at this meeting. 

D. Action Items 

1. Resolution Authorizing Signing Authority 

Consider approval of a resolution authorizing the TID Power Supply Administration to approve expenditures equal to their TID purchasing limits. 
- Brian Stubbert, Treasurer/Auditor 

2. Resolution Authorizing the Extension of a Letter of credit Supporting Commercial Paper Notes; Approving Forms and Authorizing the Execution and Delivery of a Third Amendment to Reimbursement Agreement, a Second Amended and Restated Fee Agreement and Related Documents; and Authorizing the Taking of All Other Actions Necessary in Connection Therewith 

- Brian Stubbert, Treasurer/Auditor 

E. Motion to Adjourn
MINUTES OF THE COMMISSION OF THE
WALNUT ENERGY CENTER AUTHORITY

Turlock, California
16 January 2018

A special meeting of the Commission of the Walnut Energy Center Authority was called to order at 9:21 a.m., Tuesday, January 16, 2018, in the offices of the Turlock Irrigation District, 333 East Canal Drive, Turlock, California. Present were: Commissioners Charles Fernandes (President), Rob Santos (Vice-President), Michael Frantz (Secretary), Joe Alamo and Ron Macedo. Also present were: Chief Executive Officer Casey Hashimoto, Treasurer Brian Stubbert and Deputy Secretary Tami Wallenburg. Absent was: Merced ID Commissioner.

MOTION APPROVING MINUTES

Moved by Commissioner Santos, seconded by Commissioner Frantz, that the minutes of the meeting of December 5, 2017, be approved.

The President declared the motion carried.

RESOLUTION NO. 2018 - 1

RESOLUTION OF THE COMMISSION OF THE
WALNUT ENERGY CENTER AUTHORITY MAKING CERTAIN
DETERMINATIONS WITH RESPECT TO REIMBURSEMENT
OF ADVANCES AND PROPOSED ADVANCES FOR CAPITAL
PROJECTS FROM WECA’S GENERAL AND/OR CAPITAL
RESERVES FROM THE PROCEEDS OF TAXABLE OR TAX-EXEMPT DEBT

WHEREAS, Walnut Energy Center Authority (“WECA”) has already or intends to build, construct, purchase, and improve those certain projects more fully described in attached Exhibit A (the “Projects”); and

WHEREAS, WECA has paid or expects to pay certain capital expenditures in connection with the Projects by the issuance of taxable or tax-exempt indebtedness to be used to finance such expenditures; and

WHEREAS, WECA is authorized to incur or issue debt obligations to finance costs of the Project; and

WHEREAS, WECA anticipates it will issue debt obligations for the purpose of financing costs of the Projects on a long-term basis; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires WECA to declare its reasonable official intent to reimburse prior expenditures for the Projects with proceeds of a taxable or tax-exempt borrowing.
NOW, THEREFORE BE IT HEREBY RESOLVED by the Commission of the Walnut Energy Center Authority as follows:

Section 1. The Commissioners of WECA finds and determines that the foregoing recitals are true and correct.

Section 2. This Resolution is adopted by the Commissioners of WECA solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This Resolution does not bind WECA to make any expenditures, incur any indebtedness, or proceed with the Projects.

Section 3. The Commissioners expects WECA will pay certain capital expenditures in connection with the Projects prior to the issuance of taxable or tax-exempt indebtedness for the Projects. The reimbursement of such project expenditures is consistent with WECA’s established budgetary and financial circumstances. As of the date hereof, the Commissioners of WECA reasonably expects that such project expenditures shall be paid from WECA’s Reserves. The Commissioners of WECA does not expect that moneys in WECA’s General or Capital Reserves temporarily used to pay such project expenditures will be permanently available for the Projects. Other than proceeds of taxable or tax-exempt indebtedness to be issued for the Projects, there are no funds or sources of moneys that have been, or reasonably are expected to be, allocated, reserved, or otherwise made available on a long-term basis pursuant to WECA’s budget to pay costs of the Projects.

Section 4. Project expenditures that are to be reimbursed to WECA shall not have been paid from proceeds of any other tax-exempt indebtedness.

Section 5. The Commissioners of WECA hereby declares WECA’s official intent to use proceeds of taxable or tax-exempt indebtedness to reimburse itself for future project expenditures. The Board of Directors of WECA reasonably expects that such indebtedness will be secured by and payable from revenues of the Projects.

Section 6. This Resolution shall be continuously available for inspection by the general public during normal business hours at the offices of WECA located at 333 East Canal Drive, Turlock, California, commencing on January 16, 2018.

Section 7. This Resolution shall take effect from and after its adoption.

Moved by Commissioner Frantz, seconded by Commissioner Macedo, that the foregoing resolution be adopted.

Upon roll call the following vote was had:

Ayes: Commissioners Santos, Frantz, Macedo, Alamo, Fernandes
Noes: Commissioners - None
Absent: Commissioner – Merced ID
The President declared the resolution adopted.

**MOTION TO ADJOURN**

Moved by Commissioner Frantz, seconded by Commissioner Santos, that the meeting be adjourned.

Deputy Secretary of the Commission of the Walnut Energy Center Authority
MEMORANDUM

TO: Commissioners of the Authority

DATE: June 26, 2018

PREPARED BY: Brian Stubbert

RE: WECA Signing Authority

Action Requested
Approval of Signing Authority

Discussion
The Walnut Energy Center Authority (the “WECA”) bylaws currently state the “Chief Executive Officer or the Chief Executive Officer’s designee shall sign all contracts, deeds and other instruments executed by the Authority...”. The WECA Chief Executive Officer (the “CEO” Casey Hashimoto) has authorized the Turlock Irrigation District (the “TID”) Power Supply Administration staff to approve Authority expenditures equal to their TID purchasing limits. This resolution formalizes the existing practice.

Recommendation
Staff recommends the Authority Commissioners approve the resolution formalizing the current business practices.

A 250-megawatt combustion turbine generating project for the Turlock Irrigation District
WALNUT ENERGY CENTER AUTHORITY

RESOLUTION NO. 2018 -

RESOLUTION APPROVING SIGNING AUTHORITY

WHEREAS, the Walnut Energy Center Authority (the “Authority”) is a Joint Powers Authority under the California Government Code; and

WHEREAS, section 2.3 Chief Executive Officer (the “CEO”) of the Authority’s bylaws, state the “Chief Executive Officer may designate one or more officers of the Authority or employees of Turlock Irrigation District to act as his designee in exercising the power and performing the duties of the Chief Executive Officer”; and

WHEREAS, Casey Hashimoto, the CEO, has authorized the Turlock Irrigation District (the “TID”) Power Supply Administration to approve Authority expenditures equal to their TID purchasing limits; and

WHEREAS, it is the desire of the Authority to formalize this authorization of current business practices into a formal resolution.

THEREFORE, BE IT RESOLVED by the Commission of the Walnut Energy Center Authority that the TID Power Supply Administration have the ability to approve Authority purchases equal to their TID purchasing limits.

Moved by Commissioner , seconded by Commissioner , that the foregoing resolution be adopted.

Upon roll call, the following vote was had:

Ayes: Commissioners
Noes: Commissioners
Absent: Commissioners

The President declared the resolution adopted.

I, Tami Wallenburg, Deputy Secretary of the COMMISSION OF THE WALNUT ENERGY CENTER AUTHORITY, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Commission held the 26th day of June, 2018.

Deputy Secretary of the Commission of the Walnut Energy Center Authority
MEMORANDUM

TO:    Commissioners of the Authority
PREPARED BY:  Brian Stubbert

DATE:    June 26, 2018
RE: WECA Commercial Paper Signing Authority

Action Requested
Extension of the WECA Commercial Paper Program, which expires on September 9, 2018.

Discussion
The Walnut Energy Center Authority (the “WECA”) established a Commercial Paper Program in September 2005 in an amount not to exceed $80,000,000. WECA has historically utilized the commercial paper program for the purchase rights associated with natural gas fields in Wyoming and Texas along with financing the major overhaul of the WECA plant, which occurs every three to five years. The portion of financing associated with the natural gas fields is at a taxable rate, while the financing associated with the major overhaul is at a tax-exempt rate. There is currently approximately $41,000,000 outstanding. This resolution extends the commercial paper program with our existing partner State Street Bank, decreases the not to exceed amount to $60,000,000, and lowers the facility fee.

Recommendation
Staff recommends the Authority Commissioners approve the resolution authorizing any one of the President, Chief Executive Officer, or Treasurer and Auditor to sign the “Third Amendment to Reimbursement Agreement” and related documents, which are presented in substantially their final form, extending the commercial paper program four years.

A 250-megawatt combustion turbine generating project for the Turlock Irrigation District
WALNUT ENERGY CENTER AUTHORITY

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE EXTENSION OF A LETTER OF CREDIT SUPPORTING COMMERCIAL PAPER NOTES; APPROVING FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD AMENDMENT TO REIMBURSEMENT AGREEMENT, A SECOND AMENDED AND RESTATED FEE AGREEMENT AND RELATED DOCUMENTS; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH

WHEREAS, Turlock Irrigation District (the “District”) has previously formed, with Merced Irrigation District, the Walnut Energy Center Authority (the “Authority”) to, among other things, provide all or a portion of the funds necessary to finance the acquisition, construction, operation and maintenance of an approximately 250 megawatt natural gas-fired, combined-cycle power plant and related facilities, and any additions, replacements and improvements thereto;

WHEREAS, Authority has heretofore authorized the issuance of the Walnut Energy Center Authority Subordinate Commercial Paper Notes (the “Notes”), in one or more series, in an aggregate principal amount not to exceed $80,000,000 outstanding at any one time, pursuant to the Issuing and Paying Agreement, dated as of September 1, 2005, by and between the Authority and Wachovia Trust Company of California, as issuing and paying agent;

WHEREAS, the Authority has heretofore entered into a Reimbursement Agreement, dated as of September 1, 2005, as amended by the First Amendment to Reimbursement Agreement, dated as of August 23, 2012, and the Second Amendment to Reimbursement Agreement, dated as of August 5, 2015 (collectively, the “Reimbursement Agreement”), each by and between the Authority and State Street Bank and Trust Company (the “Bank”);

WHEREAS, the Authority has heretofore entered into a Fee Agreement, dated as of August 23, 2012, as amended by the Amended and Restated Fee Agreement, dated as of August 5, 2015 (collectively, the “Fee Agreement”), each by and between the Authority and the Bank;

WHEREAS, the Authority has heretofore obtained a Letter of Credit, dated September 9, 2005 (the “Letter of Credit”), issued by the Bank, providing credit and liquidity support for payment of the Notes, with an original stated amount of $87,200,000 (the “Stated Amount”);

WHEREAS, the Letter of Credit had an original stated expiration date of September 9, 2015, which has heretofore been extended to September 9, 2018;

WHEREAS, the Authority finds and determines that it is in the best interest of the Authority to obtain an extension of the stated maturity date of the Letter of Credit from the Bank and, simultaneously, to reduce the Stated Amount of the Letter Credit;
WHEREAS, there has been prepared and submitted to this meeting the form of a Third Amendment to Reimbursement Agreement, by and between the Authority and the Bank, and the form of a Second Amended and Restated Fee Agreement, by and between the Authority and the Bank, pursuant to which the Bank will agree to extend the stated maturity of the Letter of Credit to September 9, 2022 (collectively, the “Extension”) and reduce the Stated Amount of the Letter of Credit to $65,400,000;

WHEREAS, the Authority now desires to authorize and approve the Extension and the form and the execution of the documents described in these recitals, and the performance of such acts as may be necessary or desirable in connection with the Extension and the execution and delivery of such documents;

NOW, THEREFORE, BE IT RESOLVED by the Commission of the Walnut Energy Center Authority as follows:

Section 1. The Commission finds and determines that the foregoing recitals are true and correct and makes them an effective part of this Resolution by incorporating them herein by reference.

Section 2. The Third Amendment to Reimbursement Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Any one of the President, Chief Executive Officer or Treasurer and Auditor of the Authority (each, an “Authorized Officer”), acting singly, is hereby authorized to execute and deliver the Third Amendment to Reimbursement Agreement in the form presented to this meeting, with such changes, insertions and deletions as may be approved by the officer executing said Third Amendment to Reimbursement Agreement, said execution being conclusive evidence of such approval.

Section 3. The Second Amended and Restated Fee Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Any Authorized Representative, acting singly, is hereby authorized to execute and deliver the Second Amended and Restated Fee Agreement in the form presented to this meeting, with such changes, insertions and deletions as may be approved by the officer executing said Second Amended and Restated Fee Agreement, said execution being conclusive evidence of such approval.

Section 4. All actions heretofore taken by the officers of the Authority in connection with the Letter of Credit and the execution and delivery of the Third Amendment to Reimbursement Agreement and the Second Amended and Restated Fee Agreement, and such other actions as have been or shall be necessary in connection therewith, are hereby ratified, confirmed and approved.

Section 5. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution or necessary or convenient to the transaction authorized thereby, including, without limitation, extension, replacement or amendment of credit and liquidity agreements or of offering memoranda which may be necessary or desirable in connection with administering the Notes or the documents or
any default under or amendment of such documents or approval of additional commercial paper dealers, trustees or issuing and paying agents or other entities facilitating the transactions may be taken or given by an Authorized Representative, without further authorization by this Commission, and each Authorized Representative is hereby authorized and directed to give such consent, approval, notice, order or request and to take any such action which such Authorized Representative may deem necessary or desirable to further the purposes of this Resolution and the transactions contemplated hereby.

Section 6. This Resolution shall take effect from and after its adoption.

Moved by Director ____________, seconded by Director ____________, that the foregoing resolution be adopted.

Upon roll call the following vote was had:

Ayes: Commissioners
Noes: Commissioners
Absent: Commissioners

The President declared the resolution adopted.

I, Tami Wallenburg, Deputy Secretary of the Commission of the Walnut Energy Center Authority, do hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Authority held the 26th day of June, 2018.

__________________________________________
Deputy Secretary of the Commission of the Walnut Energy Center Authority
THIRD AMENDMENT TO REIMBURSEMENT AGREEMENT

This THIRD AMENDMENT TO REIMBURSEMENT AGREEMENT (this "Third Amendment"), dated as of [August 15], 2018, by and between WALNUT ENERGY CENTER AUTHORITY (the "Authority") and STATE STREET BANK AND TRUST COMPANY (the "Bank"), amending that certain Reimbursement Agreement, dated as of September 1, 2005, by and between the Authority and the Bank (as amended by the First Amendment to Reimbursement Agreement dated as of August 23, 2012, the Second Amendment to Reimbursement Agreement dated as of August 5, 2015, and as amended, supplemented or restated from time to time, the "Reimbursement Agreement"),

WITNESSETH:

WHEREAS, the Authority has previously authorized the issuance of its Subordinate Commercial Paper Notes, Series A (Taxable) and Series B (Non-AMT) (collectively, the "Notes") from time to time in the aggregate principal amount of up to $80,000,000 outstanding at any time, pursuant to the Issuing and Paying Agent Agreement and the Law (capitalized terms used in this Third Amendment and not otherwise defined shall have the meanings given such terms in the Reimbursement Agreement);

WHEREAS, at the request of the Authority the Bank has issued its Letter of Credit dated September 9, 2005 (the "Letter of Credit") to support the payment when due of the principal of and interest on the Notes;

WHEREAS, the Authority has requested the Bank to extend the current Letter of Credit Expiration Date from September 9, 2018 to September 9, 2022 by execution and delivery of a notice of extension in the form of Annex H to the Letter of Credit in the form of Exhibit A attached hereto (the "Notice of Extension");

WHEREAS, the Authority has determined to reduce the Stated Amount of the Letter of Credit to $65,400,000.00;

WHEREAS, the Bank is willing to amend the Letter of Credit and the Reimbursement Agreement upon the terms and conditions set forth in the Reimbursement Agreement as amended, modified and supplemented by this Third Amendment and the Authority and the Bank desire to enter into this Third Amendment to set forth the Authority’s and the Bank’s agreement to amend certain provisions of the Letter of Credit and the Reimbursement Agreement;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Third Amendment do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Third Amendment;
NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. AUTHORITY AND DEFINITIONS.

(a) This Third Amendment is entered into pursuant to Section 8.01 of the Reimbursement Agreement.

(b) This Third Amendment amends the Reimbursement Agreement.

(c) Capitalized terms used herein without definition shall have the meanings set forth in the Reimbursement Agreement.

(d) Subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, this Third Amendment shall become effective, and the Notice of Extension shall be issued by the Bank, upon the execution hereof by the Authority and the Bank on [August 15], 2018 (the “Third Amendment Effective Date”).

(e) The provisions of this Third Amendment shall supersede and prevail over any conflicting provisions of the Reimbursement Agreement. Except as expressly amended hereby, all of the terms and provisions of the Reimbursement Agreement shall continue in full force and effect and are applicable to the provisions of this Third Amendment and the obligations of the parties hereunder. Specific reference to this Third Amendment need not be made in any note, document, agreement, letter, certificate, the Reimbursement Agreement or any communication issued or made subsequent to, or with respect to, the Reimbursement Agreement, it being hereby agreed that any reference to the Reimbursement Agreement shall be sufficient to refer to the Reimbursement Agreement as hereby amended. The parties hereto expressly agree that this Third Amendment shall constitute a modification of the Reimbursement Agreement and does not constitute a novation or substitution with respect to the Reimbursement Agreement.

SECTION 2. AMENDMENTS TO LETTER OF CREDIT.

(a) Pursuant to Section 2.05 of the Reimbursement Agreement and paragraph 2 of the Letter of Credit, the Bank agrees to extend the Letter of Credit Expiration Date to September 9, 2022 by issuance and delivery of the Notice of Extension.

(b) Pursuant to Section 2.01(a) of the Reimbursement Agreement and paragraph 6 of the Letter of Credit, the Bank shall reduce the Stated Amount of the Letter of Credit to $65,400,000.00 upon the Bank’s receipt of a duly executed Annex C to the Letter of Credit in the form of Exhibit B attached hereto (the “Notice of Reduction”). The Bank and the Authority waive any requirement that the Notice of Reduction be received by the Bank five Business Days prior to the date of such reduction.

SECTION 3. AMENDMENT OF THE REIMBURSEMENT AGREEMENT.

(a) Section 1.01 of the Reimbursement Agreement is amended as follows:
(i) The definition of “Fee Agreement” is amended to read in its entirety as follows:

“Fee Agreement” means the Second Amended and Restated Fee Agreement dated as of [August 15], 2018, between the Authority and the Bank, as amended, supplemented, or restated from time to time in accordance with its terms, and incorporated by reference herein.

(b) Section 8.06 of the Reimbursement Agreement is amended as follows. The notice address of the Bank for credit matters is amended to read in its entirety as follows:

If to the Bank regarding credit matters:

State Street Bank and Trust Company
C/o State Street Public Lending Corp.
One Lincoln Street, 5th Floor
Boston, Massachusetts 02111-2904
Attention: Mimi Li
Telephone: (617) 818-0340
Facsimile: (617) 946-0188

If to the Bank regarding operational matters:

State Street Bank and Trust Company
Loan Operations Department
Attention: Standby Letter of Credit Unit
Mailstop: CCB0901
One Iron Street
Boston, Massachusetts 02110
Attention: Peter J. Connolly
Telephone: (617) 662-8588
Facsimile: (617)-988-6674

(c) A new Section 8.17 is added to the Reimbursement Agreement which reads in its entirety as follows:

Section 8.17 Arm’s Length Transaction. The Authority acknowledges and agrees that the transaction described in this Reimbursement Agreement is an arm’s length, commercial transaction between the Authority and the Bank in which: (i) the Bank is acting solely as a principal (i.e., as a lender) and for its own interest; (ii) the Bank is not acting as an advisor (municipal, financial or otherwise) to the Authority; (iii) the Bank has no fiduciary duty (whether pursuant to Section 15B of the Securities Exchange Act of 1934 or otherwise) to the Authority with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the Authority on other matters); (iv) the only obligations the Bank has to the Authority with respect to this
transaction arise out of this Reimbursement Agreement and the Letter of Credit; and (v) the Bank is not recommending that the Authority take any action with respect to the transactions contemplated by this Reimbursement Agreement, and before taking any action with respect to this transaction, the Authority has discussed the information contained herein with the Authority’s own legal, accounting, tax, financial and other advisors, as the Authority has deemed appropriate.

(d) A new Section 8.18 is added to the Reimbursement Agreement which reads in its entirety as follows:

Section 8.18 Assignment to Federal Reserve Bank. The Authority hereby consents and agrees that the Bank may at any time assign or pledge a security interest in all or any portion of its rights under this Reimbursement Agreement and the Bank Notes to secure its obligations, including any pledge or assignment to secure obligations to a Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Obligations made by the Authority to the Bank in accordance with the terms of this Reimbursement Agreement shall satisfy the Authority’s Obligations hereunder in respect of such assigned Obligations to the extent of such payment. No such assignment shall release or be deemed to release the Bank from any of its obligations hereunder or substitute any such assignee for the Bank as party hereto.

SECTION 4. CONDITIONS PRECEDENT.

The Bank’s obligation to issue the Notice of Extension and to execute and deliver this Third Amendment is subject to the conditions precedent that, on or prior to the Third Amendment Effective Date:

(a) Executed Documents. The Bank shall have received on or before the Third Amendment Effective Date executed originals of this Third Amendment and the Fee Agreement, and any other documents which the Bank may reasonably request evidencing that all necessary action (including, without limitation, adoption of resolutions) required to be taken by the Authority in connection with the authorization, execution, issuance, delivery and performance of such documents, this Third Amendment or the transactions contemplated hereby, has been taken and all in form and substance satisfactory to the Bank and its counsel.

(b) Representations. The representations set forth in Section 5 hereof shall be true and correct as of the Third Amendment Effective Date.
(c) **Expenses.** The Bank shall have received evidence of the payment of the fees and expenses of counsel to the Bank in the amount of $6,000.00, payable by the Authority pursuant to Section 6 hereof.

(d) **Other Legal Matters.** All other legal matters pertaining to the execution and delivery of this Third Amendment shall be satisfactory to the Banks and its counsel.

**SECTION 5. REPRESENTATIONS OF THE AUTHORITY.** In order to induce the Bank to execute and deliver this Third Amendment, the Authority hereby represents to the Bank that as of the Third Amendment Effective Date (i) the representations of the Authority set forth in the Reimbursement Agreement, and this Third Amendment, are and remain true and correct in all material respects, (ii) the Authority is in compliance with the terms and conditions of the Reimbursement Agreement; (iii) no Default or Event of Default has occurred and is continuing under the Reimbursement Agreement or will result after giving effect to this Third Amendment, (iv) no default has occurred and is continuing under any of the Related Documents, (v) there has been no material adverse change in the business or affairs of the Authority since the date of the last audited financial statements of the Authority furnished to the Bank, (vi) this Third Amendment has been duly authorized, executed and delivered by the Authority and the Agreement is valid and binding and is enforceable against the Authority in accordance with its terms, and (vii) all information, documents, statements and certificates provided to the Bank by or on behalf of the Authority in connection with the execution and delivery of this Third Amendment are true and correct as of the date hereof and were provided in expectation of the Bank’s reliance thereon in executing this Third Amendment.

**SECTION 6. COSTS AND EXPENSES.** The Authority hereby agrees that the costs and expenses incurred by the Bank in connection with the transactions contemplated herein and the satisfaction of the foregoing conditions, including, without limitation, attorneys’ fees and disbursements in the aggregate amount of $6,000.00, constitute Obligations of the Authority.

**SECTION 7. SEVERABILITY.** If any provision of this Third Amendment shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that portion shall be deemed severed therefrom and the remaining parts shall remain in full force as though the invalid, illegal, or unenforceable portion had never been a part thereof.

**SECTION 8. GOVERNING LAW.** The duties and obligations of the parties under this Third Amendment shall be governed by and construed in accordance with the provisions of Section 8.12 of the Reimbursement Agreement.

**SECTION 9. COUNTERPARTS.** This Third Amendment may be executed in one or more counterparts, each of which shall, for all purposes, be deemed an original and all such counterparts, taken together, shall constitute one and the same instrument.

[Signature page follows]
IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to Reimbursement Agreement to be duly executed and delivered by their respective duly authorized officers as of the day and year first above written.

WALNUT ENERGY CENTER AUTHORITY

By: ____________________________
Name: ____________________________
Title: ____________________________

STATE STREET BANK AND TRUST COMPANY

By: ____________________________
Name: ____________________________
Title: ____________________________
U.S. Bank National Association, as Issuing and Paying Agent  
Corporate Trust Services  
Attn: Beverly A. Freeney  
100 Wall Street, Ste. 1600  
New York, NY 10005  

Re: Notice of Extension and Amendment of Letter of Credit  

Ladies and Gentlemen:  

Pursuant to Section 2.05 of the Reimbursement Agreement dated as of September 1, 2005 (the “Reimbursement Agreement”), by and between Walnut Energy Center Authority (the “Authority”) and State Street Bank and Trust Company (the “Bank”), the Letter of Credit Expiration Date of Irrevocable Direct-Pay Letter of Credit No. ILC-1413/BSN, dated September 9, 2005 (as amended, the “Letter of Credit”), has been extended to September 9, 2022.  

We hereby also notify you of the following administrative amendments to the Letter of Credit:  

The address of the “Bank” that appears on page A-2 and A-4 of the Letter of Credit and on ANNEXES A, B, C, D, E, and F of the Letter of Credit is deleted and the following is substituted therefor:  

State Street Bank and Trust Company  
Loan Operations Department  
Attention: Standby Letter of Credit Unit  
Mailstop: CCB0901  
One Iron Street  
Boston, Massachusetts 02110  
Attention: Peter J. Connolly  
Telephone: (617) 662-8588  
Facsimile: (617)-988-6674  

[Signature page follows]  

Exhibit A-1
This NOTICE OF EXTENSION AND AMENDMENT OF LETTER OF CREDIT should be attached to the Letter of Credit and made a part thereof.

Very truly yours,

STATE STREET BANK AND TRUST COMPANY

By: ____________________________
Name: __________________________
Title: __________________________

By: ____________________________
Name: __________________________
Title: __________________________

Acknowledged and Agreed to:

WALNUT ENERGY CENTER AUTHORITY

By: ____________________________
Name: __________________________
Title: __________________________

U.S. BANK NATIONAL ASSOCIATION, as Issuing and Paying Agent

By: ____________________________
Name: __________________________
Title: __________________________
EXHIBIT B
FORM OF NOTICE OF REDUCTION OF STATED AMOUNT OF LETTER OF CREDIT

ANNEX C TO

IRREVOCABLE DIRECT-PAY
LETTER OF CREDIT No. ILC-1413/BSN

[Letterhead of Issuing and Paying Agent]

[August 15], 2018

State Street Bank and Trust Company
Loan Operations Department
Attention: Standby Letter of Credit Unit
Mailstop: CCB0901
One Iron Street
Boston, Massachusetts 02110
Attention: Peter J. Connolly
Telephone: (617) 662-8588
Facsimile: (617)-988-6674

Re: Reduction of Stated Amount of Letter of Credit

Ladies and Gentlemen:

The undersigned duly authorized officer of U.S. Bank National Association (the “Issuing and Paying Agent”) hereby certifies to State Street Bank and Trust Company (the “Bank”), with reference to Irrevocable Direct-Pay Letter of Credit No. ILC-1413/BSN, dated September 9, 2005 (as amended, the “Letter of Credit”; any other defined terms used herein having their respective meanings set forth in the Letter of Credit) issued by the Bank in favor of the Issuing and Paying Agent that:

(1) The Issuing and Paying Agent is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement.

(2) The Issuing and Paying Agent hereby notifies you that on or prior to the date hereof the Authority has determined that the Stated Amount of the Letter of Credit shall be reduced to $65,400,000.00.

(3) The Principal Component of the Letter of Credit is reduced to $60,000,000.00 upon receipt by the Bank of this certificate, which amount, as so reduced, is equal to or not less than the principal amount of all Notes outstanding as of the date hereof.

(4) The amount available to be drawn by the Issuing and Paying Agent under the Letter of Credit in respect of accrued and unpaid interest with respect to the Notes is reduced to $5,400,000.00 (such amount being equal to interest on the Principal Component at an assumed

Exhibit B-1
interest rate of 12% for 270 days on the basis of a 360 day year) upon receipt by the Bank of this certificate. The amount of the Interest Component, as so reduced, is equal to or not less than the amount of any interest to be due on any Note outstanding as of the date hereof.

(5) If any Notes are outstanding as of the date of this Certificate, the Authority has informed us that it will not issue additional Notes unless after the issuance of such additional Notes the aggregate principal amount of Notes outstanding shall be no greater than the amount of the Principal Component, as so reduced, pursuant to this certificate and the aggregate interest payable on such principal amount of Notes outstanding shall be no greater than the amount of the Interest Component as reduced pursuant to this certificate.

(6) The Stated Amount of the Letter of Credit is reduced to $65,400,000.00 (such amount being equal to the sum of the amounts specified in paragraphs (3) and (4) above) upon receipt by the Bank of this certificate.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this certificate as of the 15th day of August, 2018.

U.S. BANK NATIONAL ASSOCIATION, as
Issuing and Paying Agent

By: ____________________________
Authorized Officer
SECOND AMENDED AND RESTATED FEE AGREEMENT

This SECOND AMENDED AND RESTATED FEE AGREEMENT (this "Fee Agreement") is entered into as of [August 15], 2018 by and between WALNUT ENERGY CENTER AUTHORITY (the "Authority") and STATE STREET BANK AND TRUST COMPANY (the "Bank").

Reference is hereby made to the Reimbursement Agreement dated as of September 1, 2005 (as amended, supplemented or restated from time to time, including as amended by the First Amendment to Reimbursement Agreement dated as of August 23, 2012, the Second Amendment to Reimbursement Agreement dated as of August 5, 2015, and the Third Amendment to Reimbursement Agreement dated as of [August 15], 2018 (the "Third Amendment"), the "Reimbursement Agreement") between the Authority and the Bank, relating to the Authority’s Commercial Paper Notes, Series A (Taxable) and Series B (Non-AMT). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Reimbursement Agreement.

This Fee Agreement amends and restates in its entirety the Amended and Restated Fee Agreement entered into by the Authority and the Bank as of August 5, 2015 (the "Prior Fee Agreement") in connection with the Reimbursement Agreement.

The purpose of this Fee Agreement is to confirm the agreement between the Bank and the Authority entered into in connection with the execution and delivery of the Third Amendment with respect to the fees payable by the Authority to the Bank pursuant to the Reimbursement Agreement. This Fee Agreement is the Fee Agreement referenced in the Third Amendment, and the terms hereof are incorporated by reference into the Reimbursement Agreement.

ARTICLE I. FEES.

Section 1.1. Facility Fees. The Authority agrees to pay to the Bank a nonrefundable facility fee (the "Facility Fee") payable quarterly in arrears on the last Business Day of each January, April, July and October and on the Letter of Credit Expiration Date as follows.

(i) Prior to the Third Amendment Effective Date (as defined in the Third Amendment), the Facility Fee shall equal the amount accrued but unpaid as determined pursuant to the terms set forth in the Prior Fee Agreement.

(ii) On and after the Third Amendment Effective Date, the Facility Fee shall equal the product of the Stated Amount from time to time in effect, multiplied by the Facility Fee Rate corresponding to the Rating Level then in effect, as set forth in the following table:
<table>
<thead>
<tr>
<th>Rating Level (Moody’s/S&amp;P/Fitch)</th>
<th>Facility Fee Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2/A/A or above</td>
<td>0.51%</td>
</tr>
<tr>
<td>A3/A/-A-</td>
<td>0.66%</td>
</tr>
<tr>
<td>Baa1/BBB+/BBB+</td>
<td>0.86%</td>
</tr>
<tr>
<td>Baa2/BBB/BBB</td>
<td>1.06%</td>
</tr>
<tr>
<td>Baa3/BBB-/BBB- and below</td>
<td>2.06%</td>
</tr>
<tr>
<td>One or more Ratings withdrawn, suspended or unavailable for any credit related reason; or Event of Default</td>
<td>2.06%</td>
</tr>
</tbody>
</table>

The Facility Fee Rate shall correspond to the Rating Level set forth in the table above which contains the lower of the two highest long-term unenhanced ratings assigned to the Authority’s Senior Lien Bonds (each, a “Rating”). For the avoidance of doubt, if two of Moody’s, S&P and/or Fitch assign a Rating in the same Rating Level and such Rating Level is higher than the Rating Level of the remaining Rating, the Facility Fee Rate will correspond to the Rating Level containing the higher two Ratings. If only two of Moody’s, S&P and/or Fitch assign Ratings to the Authority’s Senior Lien Bonds, and such Ratings appear in more than one Rating Level, the Facility Fee Rate will correspond to the Rating Level that contains the lower of the two Ratings. A Facility Fee Rate adjustment shall become effective on the date a rating action is announced by the applicable Rating Agency. In the event of the adoption of any new or changed rating system, each of the Ratings referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The provisions of the second sentence of this paragraph notwithstanding, if one or more of the Ratings are withdrawn, suspended, or otherwise unavailable for any credit related reason, or an Event of Default shall occur, the Facility Fee Rate shall increase by 1.0% per annum from the Facility Fee Rate for the “Baa2/BBB/BBB” Rating Level.

Section 1.2 Drawing Fees. The Authority agrees to pay to the Bank in connection with every Drawing upon the Letter of Credit, a nonrefundable drawing fee of $250. Such drawing fees shall not exceed $2,000 per Fiscal Year and shall be payable quarterly in arrears on the last Business Day of each January, April, July and October, and on the Letter of Credit Expiration Date.

Section 1.3 Transfer Fees. The Authority agrees to pay to the Bank in connection with any transfer of the Letter of Credit to a successor Issuing and Paying Agent, a nonrefundable transfer fee of $2,500. Such transfer fees shall be payable on the effective date of such transfer.

Section 1.4 Amendment Processing Fees. The Authority agrees to pay to the Bank in connection with any amendment of the Letter of Credit, the Reimbursement Agreement, or this Fee Agreement (excluding the amendments contemplated by this Fee Agreement and the Third Amendment), a nonrefundable amendment processing fee of $2,500, together with the reasonable
fees and expenses of counsel to the Bank incurred in connection therewith. Such fees and expenses shall be payable on the effective date of such amendment.

Section 1.5. Termination Fee; Reduction Fee. (a) The Authority hereby agrees to pay to the Bank a fee (the "Termination Fee") in connection with any termination or replacement of the Letter of Credit by the Authority prior to the one-year anniversary of the Third Amendment Effective Date, in an amount equal to the product of (1) the Facility Fee Rate on the date of such termination, (2) the then-current Stated Amount, and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such termination to and including the one-year anniversary of the Third Amendment Effective Date, and the denominator of which is 365, payable on the date of such termination.

(b) In the event Authority shall permanently reduce the Stated Amount prior to the one-year anniversary of the Third Amendment Effective Date, the Authority shall pay to the Bank a fee (the "Reduction Fee") in an amount equal to the product of (A) the Facility Fee Rate in effect on the date of such reduction, (B) the amount of such permanent reduction in the Stated Amount, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including the one-year anniversary of the Third Amendment Effective Date, and the denominator of which is 365.

(c) Notwithstanding the foregoing or any provision in the Reimbursement Agreement to the contrary, the Authority may terminate, replace or permanently reduce the Letter of Credit at any time without payment of a Termination Fee or Reduction Fee if (A) Moody's, S&P or Fitch shall have withdrawn or lowered its short-term debt rating of the Bank below "P1" (or its equivalent), "A1" (or its equivalent), or "F-1" (or its equivalent), respectively; or (B) Moody's, S&P or Fitch shall have withdrawn or lowered the senior debt rating of the Bank below "A2" (or its equivalent), "A" (or its equivalent), or "A" (or its equivalent), respectively, and such withdrawal has an adverse effect on the interest rate born by the Notes as reasonably determined by the Authority in consultation with the Dealer; or (C) the Bank shall have imposed additional costs pursuant to Section 2.04 of the Reimbursement Agreement and the Letter of Credit is terminated and replaced with a letter of credit issued by a financial institution that is not subject to regulatory changes that are the same as, or substantially similar to, those that have resulted in the cost increases or capital charges that the Bank has sought to recoup under Section 2.04; or (D) the Authority shall have refunded the Notes (other than from proceeds of other Notes).

Section 1.6 Other Fees. There shall be no other fees payable to the Bank, including any fees for any drawing under the Letter of Credit or any transfer of the Letter of Credit.

ARTICLE II. MISCELLANEOUS.

Section 2.1. Amendments. No amendment to this Fee Agreement shall become effective without the prior written consent of the Authority and the Bank.

Section 2.2. Governing Law. This Fee Agreement shall be governed by and construed in accordance with the provisions of Section 8.12 of the Reimbursement Agreement.
Section 2.3. **Counterparts.** This Fee Agreement may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument.

Section 2.4. **Severability.** Any provision of this Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

[Signature page follows]
IN WITNESS WHEREOF, the parties hereto have caused this Second Amended and Restated Fee Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first set forth above.

WALNUT ENERGY CENTER AUTHORITY

By: ____________________________________
Name: ___________________________________
Title: ____________________________________

STATE STREET BANK AND TRUST COMPANY

By: ____________________________________
Name: ___________________________________
Title: ____________________________________