

**MARION COUNTY WATER DISTRICT  
1835 CAMPBELLSVILLE ROAD  
P O BOX 528  
LEBANON, KY 40033**

•  
Telephone: 270-692-2004  
Fax: 270-692-1010  
TTY 1-800-648-6956 or 711

RECEIVED

MAY - 3 2013

PUBLIC SERVICE  
COMMISSION

April 30, 2013

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602-0615

Re: Case No. 2013-00093

Dear Mr. Derouen:

Please find enclosed copies of information requested in PSC Order, dated April 8, 2013, reference Application of the Marion County Water District For Authority To Enter Into A Loan Agreement With Citizens National Bank of Lebanon, KY.

Should you have any questions, please contact me at 270-692-2004.

Sincerely,



James Lee Mudd  
Manager

Enclosures



USDA  
Form RD 1951-49  
(Rev. 12-05)

PAGE 1 OF 1

REGISTER OF COLLECTIONS

Field Office Code <b>21-602</b>	Date of Collection <b>4-16-13</b>	Amount Collected <b>\$ 831555.99</b>
Date to WLB <b>4-16-13</b>	Date of Collection	Amount Collected
Amount to WLB <b>\$831555.99</b>	Date of Collection	Amount Collected

LINE ITEM	NAME OF BORROWER/ CASE NUMBER	TOTAL PAID	FUND CD LOAN NO	AMOUNT APPLIED	DATE OF CREDIT	OFFICIAL USE ONLY						REMARKS (PD IN FULL ET)
						Cash	Check	Money Order	C/R Coupon	EDPS Coupon	RD 1951-2	
1	Marion Co. Water [REDACTED]	<sup>99</sup> 831555.	[REDACTED]	<sup>67</sup> 362237.	4/16/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>	pd in full				
	"		[REDACTED]	<sup>31</sup> 169205.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	"
	"		[REDACTED]	<sup>01</sup> 300113.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	"

Balances verified by *Vicki Smith* *OK*

<sup>99</sup>  
831555. Total of AMOUNT APPLIED same as AMOUNT DEPOSITED

**Citizens National Bank**

**Transaction Receipt**

149 WEST MAIN STREET • LEBANON, KENTUCKY 40033  
MEMBER FDIC

*Marion Co. Water District*  
ACCOUNT NAME

Deposit Receipt unless marked below

- DEPOSIT \* (IF APPLICABLE)
- LOAN PMT. INTEREST AMT \$ \_\_\_\_\_
- SAFE DEPOSIT RENTAL PRINCIPAL AMT. \$ \_\_\_\_\_

*Loan closing fee  
to refinanced bonds*

ACCOUNT CREDITED ON DATE SHOWN BELOW

*S!* APR 12 '13

*\$750.00*

ACCOUNT NUMBER	AMOUNT	DATE	TELLER
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ALL ITEMS ARE RECEIVED SUBJECT TO CONDITIONS AND TERMS STATED ON SIGNATURE CARDS CURRENTLY USED

# *Citizens National Bank*

149 West Main Street | Lebanon, Kentucky 40033  
Phone: 270-692-2113 | Fax: 270-692-0344 | Web Address: [www.cnboflehbanon.com](http://www.cnboflehbanon.com)

April 12, 2013

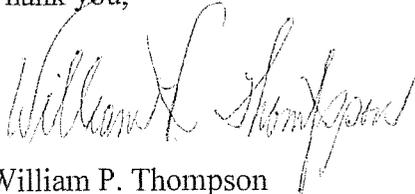
Marion County Water District  
P.O. Box 528  
Lebanon, KY 40033  
Attention: Jimmy Mudd

Dear Jimmy:

This letter is to confirm that the loan # [REDACTED] dated April 12, 2013 in the amount of \$820,000 to the Marion County Water District will not be sold by this bank to any third party.

Further, should the Citizens National Bank ever be sold or merged with another financial institution, the terms of this loan will remain intact and may not be altered for the duration of the term (3.50% fixed interest rate for the next 17.5 years based on monthly payments of \$5,227.69 with a final maturity of October 12, 2030).

Thank you,



William P. Thompson  
President & CEO  
Citizens National Bank  
Lebanon, KY 40033

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William P. Thompson  
President and Chief Executive Officer  
Phone: 270-692-2113  
Fax: 270-692-0344  
Email Address: [cnbank@kyol.net](mailto:cnbank@kyol.net)

MARION COUNTY WATER DISTRICT P.O. BOX 528 LEBANON, KY 40033	CITIZENS NATIONAL BANK 149 W. Main Street Lebanon, KY 40033
ACCOUNT HOLDER(S)	FINANCIAL INSTITUTION

### AUTOMATIC TRANSFER AUTHORIZATION

In this authorization, the words "we," "our," or "us" mean the Financial Institution and the words "you" or "your" mean the Account Holder(s). Text following a box which is not checked does not apply to this agreement. You authorize us to make the following transfer of funds:

<p style="text-align: center;"><b>From Debited Account:</b></p> Account No. <span style="background-color: black; color: black;">[REDACTED]</span> Account Title <u>MARION COUNTY WATER DISTRICT</u> <hr/> Type <input type="checkbox"/> Savings/Share <input checked="" type="checkbox"/> Checking/Share Draft <input type="checkbox"/> NOW <input type="checkbox"/> _____	<p style="text-align: center;"><b>To Credited Account:</b></p> Account/Loan No. <span style="background-color: black; color: black;">[REDACTED]</span> Account Title/Loan Description <u>MARION COUNTY WATER DISTRICT</u> <hr/> Type <input type="checkbox"/> Savings/Share <input type="checkbox"/> Checking/Share Draft <input type="checkbox"/> NOW <input type="checkbox"/> Club Acct <input type="checkbox"/> Safe Deposit Fee <input type="checkbox"/> Mortgage Loan Payment <input checked="" type="checkbox"/> Installment Loan Payment <input type="checkbox"/> _____
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We will make transfers on the following basis:

**PERIODIC TRANSFERS**  
Amount to be Transferred \$ 5,227.69   Effective Date 05-12-2013   Termination Date 10-12-2030  
Frequency:    Weekly    Monthly    \_\_\_\_\_

**MAINTENANCE TRANSFER OF FUNDS**  
You authorize us to charge your Debited Account when the account balance of your Credited Account falls below a minimum of \$ \_\_\_\_\_ and to transfer and deposit these funds in this account. The amount we can charge and transfer shall equal the amount necessary to raise your Credited Account balance to equal or exceed the minimum balance (if any). We will make all transfers in multiples of \$ \_\_\_\_\_.  
You authorize us to charge your Debited Account \$ \_\_\_\_\_ for each \_\_\_\_\_.

**INSUFFICIENT FUNDS TRANSFER**  
You authorize us to charge your Debited Account and to transfer and deposit money into your Credited Account to cover each overdraft on your Credited Account. We will make all transfers in multiples of \$ \_\_\_\_\_.  
You authorize us to charge your Debited Account \$ \_\_\_\_\_ for each \_\_\_\_\_.

If a transfer date is a non-processing day for us then the transfer will be made on the first processing day  before  after the scheduled transfer date.

By signing below, the undersigned agree(s) to all the terms and conditions beginning on page 1 through the bottom of page 2 of this Authorization.

Signature *James Lee Mudd*   Signature \_\_\_\_\_  
JAMES LEE MUDD, AUTHORIZED SIGNER, MARION COUNTY WATER DISTRICT  
Authorization Number \_\_\_\_\_   Date 04-12-2013

**TERMINATION OF THIS AGREEMENT:** Any one of you may cancel this agreement by giving us written notice. Your notice will be effective \_\_\_\_\_ ( \_\_\_\_\_ ) days after we receive it.

Effective \_\_\_\_\_ (date) the undersigned cancels this Automatic Transfer Authorization.

Signed \_\_\_\_\_

ADDENDUM TO LOAN [REDACTED]  
(CITIZENS NATIONAL BANK, LEBANON, KY)

copy

WHEREAS, IT IS RECOGNIZED THERE IS A VALID COVENANTS TO BONDHOLDERS (ATTACHED HERETO), WITH REFERENCE TO WATER SYSTEM REVENUE BOND, SERIES OF 2000, AND WILL REMAIN VALID AND ALL PROVISIONS CONTAINED WITHIN CARRY FORWARD WITH ONLY CHANGES BEING MADE AS FOLLOWS:

CITIZENS NATIONAL BANK, LEBANON, KY WILL NOW ASSUME THE ROLE OF FmHA AS DEFINED. ALL PROVISIONS OF THE AUTHORIZED COVENANTS OF BONDHOLDERS SHALL CARRY FORWARD WITHOUT AMENDMENTS AND/OR DELETIONS. MARION COUNTY WATER DISTRICT DOES HEREBY EXPLICITLY AGREE AND AFFIRM THAT CITIZENS NATIONAL BANK, LEBANON, KY WILL HAVE ALL SAFEGUARDS THAT WERE PRESENT AND GUARANTEED AT THE ORIGINAL COVENANTS OF BONDHOLDERS.

THIS CHANGE IS BEING PROMULGATED BY MARION COUNTY WATER DISTRICT (THE "DISTRICT") DESIRE TO REFINANCE ORIGINAL BOND ISSUANCE REFERENCED AS WATER SYSTEM REVENUE BOND, SERIES OF 2000.

AGREED TO:

AGREED TO:

  
BARBARA MAY, CHAIRPERSON  
MARION COUNTY WATER DISTRICT

  
DONNIE BROWNING, TREASURER  
MARION COUNTY WATER DISTRICT

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DATED:

April 12, 2013

COPY

ADDENDUM TO LOAN # [REDACTED]  
(CITIZENS NATIONAL BANK, LEBANON, KY)

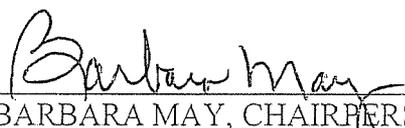
WHEREAS, IT IS RECOGNIZED THERE IS A VALID COVENANTS TO BONDHOLDERS (ATTACHED HERETO), WITH REFERENCE TO WATER SYSTEM REVENUE BOND, SERIES OF 1993, AND WILL REMAIN VAL ID AND ALL PROVISIONS CONTAINED WITHIN CARRY FORWARD WITH ONLY CHANGES BEING MADE AS FOLLOWS:

CITIZENS NATIONAL BANK, LEBANON, KY WILL NOW ASSUME THE ROLE OF FmHA AS DEFINED. ALL PROVISIONS OF THE AUTHORIZED COVENANTS OF BONDHOLDERS SHALL CARRY FORWARD WITHOUT AMENDMENTS AND/OR DELETIONS. MARION COUNTY WATER DISTRICT DOES HEREBY EXPLICITLY AGREE AND AFFIRM THAT CITIZENS NATIONAL BANK, LEBANON, KY WILL HAVE ALL SAFEGUARDS THAT WERE PRESENT AND GUARANTEED AT THE ORIGINAL COVENANTS OF BONDHOLDERS.

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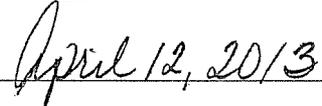
AGREED TO:

AGREED TO:

  
BARBARA MAY, CHAIRPERSON  
MARION COUNTY WATER DISTRICT

  
DONNIE BROWNING, TREASURER  
MARION COUNTY WATER DISTRICT

DATED:

  
\_\_\_\_\_

ADDENDUM TO LOAN # [REDACTED]  
(CITIZENS NATIONAL BANK, LEBANON, KY)

COPY

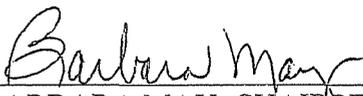
WHEREAS, IT IS RECOGNIZED THERE IS A VALID COVENANTS TO BONDHOLDERS (ATTACHED HERETO), WITH REFERENCE TO WATER SYSTEM REVENUE BOND, SERIES OF 1992A, AND WILL REMAIN VALID AND ALL PROVISIONS CONTAINED WITHIN CARRY FORWARD WITH ONLY CHANGES BEING MADE AS FOLLOWS:

CITIZENS NATIONAL BANK, LEBANON, KY WILL NOW ASSUME THE ROLE OF FmHA AS DEFINED. ALL PROVISIONS OF THE AUTHORIZED COVENANTS OF BONDHOLDERS SHALL CARRY FORWARD WITHOUT AMENDMENTS AND/OR DELETIONS. MARION COUNTY WATER DISTRICT DOES HEREBY EXPLICITLY AGREE AND AFFIRM THAT CITIZENS NATIONAL BANK, LEBANON, KY WILL HAVE ALL SAFEGUARDS THAT WERE PRESENT AND GUARANTEED AT THE ORIGINAL COVENANTS OF BONDHOLDERS.

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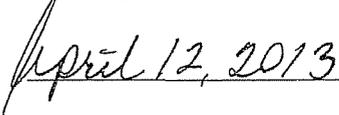
AGREED TO:

AGREED TO:

  
\_\_\_\_\_  
BARBARA MAY, CHAIRPERSON  
MARION COUNTY WATER DISTRICT

  
\_\_\_\_\_  
DONNIE BROWNING, TREASURER  
MARION COUNTY WATER DISTRICT

DATED:

  
\_\_\_\_\_  
April 12, 2013

MARION COUNTY WATER DISTRICT  
P O BOX 528  
LEBANON, KY 40033

CITIZENS NATIONAL BANK  
149 W. Main Street  
Lebanon, KY 40033

SSN/ID [REDACTED]  
Loan Number 7 [REDACTED]  
Date 04-12-2013  
Maturity Date 10-12-2030  
Loan Amount \$ 820,000.00  
Renewal Of \_\_\_\_\_  
PH# \_\_\_\_\_

**BORROWER'S NAME AND ADDRESS**  
"I" includes each borrower above, jointly and severally.

**LENDER'S NAME AND ADDRESS**  
"You" means the lender, its successors and assigns.

For value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of eight hundred twenty thousand and no/100 Dollars \$ 820,000.00

**Single Advance:** I will receive all of this principal sum on 04-12-2013. No additional advances are contemplated under this note.  
 **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. On \_\_\_\_\_ I will receive the amount of \$ \_\_\_\_\_ and future principal advances are contemplated.

**Conditions:** The conditions for future advances are \_\_\_\_\_

**Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on \_\_\_\_\_  
 **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions)

**INTEREST:** I agree to pay interest on the outstanding principal balance from 04-12-2013 at the rate of 3.500 % per year until 10-12-2030

**Variable Rate:** This rate may then change as stated below.  
 **Index Rate:** The future rate will be \_\_\_\_\_ the following index rate: AFT

**No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.  
 **Frequency and Timing:** The rate on this note may change as often as \_\_\_\_\_  
A change in the interest rate will take effect \_\_\_\_\_  
 **Limitations:** During the term of this loan, the applicable annual interest rate will not be more than \_\_\_\_\_ % or less than \_\_\_\_\_ %.

**Effect of Variable Rate:** A change in the interest rate will have the following effect on the payments:  
 The amount of each scheduled payment will change.  The amount of the final payment will change.

**ACCRUAL METHOD:** Interest will be calculated on a Actual/Actual basis.

**POST MATURITY RATE:** I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:  
 on the same fixed or variable rate basis in effect before maturity (as indicated above).  
 at a rate equal to \_\_\_\_\_

**LATE CHARGE:** If a payment is made more than 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$5.00

**ADDITIONAL CHARGES:** In addition to interest, I agree to pay the following charges which  are  are not included in the principal amount above: \$750.00 CLOSING FEE

**PAYMENTS:** I agree to pay this note as follows:  
On demand, but if no demand is made then 210 monthly payments of \$5,227.69 beginning 05-12-2013. The actual amount of my final payment will depend on my payment record.