

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ESTILL)	
COUNTY WATER DISTRICT NO. 1 FOR)	
AUTHORIZATION TO CONSOLIDATE ITS)	CASE NO. 2018-00276
EXISTING LOANS WITH CITIZENS)	
GUARANTY BANK)	

NOTICE

Estill County Water District No. 1 (“Estill District”) gives notice of its execution of a promissory note with Citizens Guaranty Bank to consolidate its existing loans on June 27, 2019. Pursuant to the Commission’s Order of December 21, 2018, a copy of the promissory note and related documents are attached to this notice.

Dated: July 10, 2019

Respectfully submitted,



Gerald E. Wuetcher
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801
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Fax: (859) 259-3517
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Counsel for Estill County Water District No. 1

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Estill County Water District No. 1’s electronic filing of this Notice is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Public Service Commission on July 10, 2019; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that on or before July 12, 2019 this Application in paper medium will be delivered to the Public Service Commission.



Gerald E. Wuetcher



PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$233,234.42	06-26-2019	01-30-2029	53864	5		SLC	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: Estill Co Water District #1
76 Cedar Grove Rd
Irvine, KY 40336-7697

Lender: Citizens Guaranty Bank
River Drive Branch
25 River Drive
P.O. Box 630
Irvine, KY 40336-0630
(606) 723-2139

Principal Amount: \$233,234.42

Date of Note: June 26, 2019

PROMISE TO PAY. Estill Co Water District #1 ("Borrower") promises to pay to Citizens Guaranty Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Hundred Thirty-three Thousand Two Hundred Thirty-four & 42/100 Dollars (\$233,234.42), together with interest on the unpaid principal balance from June 26, 2019, until paid in full.

PAYMENT. Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan in accordance with the following payment schedule, which calculates interest on the unpaid principal balances as described in the "INTEREST CALCULATION METHOD" paragraph using the interest rates described in this paragraph: 31 monthly consecutive principal and interest payments in the initial amount of \$2,336.95 each, beginning July 30, 2019, with interest calculated on the unpaid principal balances using an initial interest rate of 3.000% per annum; and 84 monthly consecutive principal and interest payments in the initial amount of \$2,336.95 each, beginning February 28, 2022, with interest calculated on the unpaid principal balances using an interest rate based on the the highest rate on corporate loans posted by at least 75% of the USA's thirty largest banks known as The Wall Street Journal Prime Rate. All numerical disclosures except the late-payment disclosure are estimates. (currently 5.500%), plus a margin of -2.500%, resulting in an initial interest rate of 3.000% per annum. Borrower's final payment will be due on January 30, 2029 and will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under this Note. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any escrow or reserve account payments as required under any mortgage, deed of trust, or other security instrument or security agreement securing this Note; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. All payments must be made in U.S. dollars and must be received by Lender consistent with any written payment instructions provided by Lender. If a payment is made consistent with Lender's payment instructions but received after 5:00 p.m. Eastern Standard Time, Monday through Friday, Lender will credit Borrower's payment on the next business day.

VARIABLE INTEREST RATE. For the first 31 payments, the interest rate on this loan will be 3.000%. Thereafter, the interest rate on this Note is subject to change from time to time based on changes in an independent index which is the the highest rate on corporate loans posted by at least 75% of the USA's thirty largest banks known as The Wall Street Journal Prime Rate. All numerical disclosures except the late-payment disclosure are estimates. (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each 36 Months. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 5.500% per annum. The interest rate or rates to be applied to the unpaid principal balance during this Note will be the rate or rates set forth herein in the "Payment" section. Notwithstanding any other provision of this Note, after the first payment stream, the interest rate for each subsequent payment stream will be effective as of the due date of the last payment in the just-ending payment stream and will be determined using the most recent Index figure available as of 45 days before the date of the scheduled interest rate change. **NOTICE:** Under no circumstances will the interest rate on this Note be less than 3.000% per annum or more than the lesser of 8.000% per annum or the maximum rate allowed by applicable law. Notwithstanding the above provisions, the maximum increase or decrease in the interest rate at any one time on this loan will not exceed 2.000 percentage points. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (A) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (B) increase Borrower's payments to cover accruing interest, (C) increase the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and increase Borrower's final payment.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year (366 during leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Citizens Guaranty Bank, A Real Community Bank, P.O. Box 630 Irvine, KY 40336-0630.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will continue to accrue interest at the interest rate under this Note, with the final interest rate described in this Note applying after maturity, or after maturity would have occurred had there been no default. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty (30)



PROMISSORY NOTE
(Continued)

Loan No: 53864

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days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Note has been accepted by Lender in the Commonwealth of Kentucky.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Estill County, Commonwealth of Kentucky.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. Borrower acknowledges this Note is secured by a UCC on all accounts receivable now owned or hereafter acquired in the operation of Estill County Water District #1 located at 76 Cedar Grove Rd Irvine, KY 40336.

PRIOR NOTE. This loan is secured by a Separate Security Agreement dated 12/31/2018 on a UCC filing of all accounts receivable now owned or hereafter acquired in the operation of Estill County Water District #1 located at 76 Cedar Grove Rd Irvine, KY 40336.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Citizens Guaranty Bank A Real Community Bank, P.O. Box 630 Irvine, KY 40336-0630.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

ESTILL CO WATER DISTRICT #1

By: *Daniel B Click*
Daniel B Click, Chairman of Estill Co Water District #1

By: *John F Stickney*
John F Stickney, Secretary of Estill Co Water District #1

By: *Robert W Johnson*
Robert W Johnson, Treasurer of Estill Co Water District #1

UCC FINANCING STATEMENT

Name and address of filer

**CITIZENS GUARANTY BANK
PO BOX 630
IRVINE, KY 40336**

2018-3000284-48.01
Kentucky Secretary of State
File Date 12/31/2018 4:23:40 PM
Status Active
Fee \$5.00

This document is a representation of a filing made electronically at the Kentucky Secretary of State's web site

DEBTOR'S EXACT FULL LEGAL NAME

a. ORGANIZATION'S NAME

ESTILL COUNTY WATER DISTRICT #1

b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

c. MAILING ADDRESS

76 CEDAR GROVE RD

CITY

IRVINE

STATE

KY

POSTAL CODE

40336

COUNTRY

SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY)

a. ORGANIZATION'S NAME

CITIZENS GUARANTY BANK

b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

c. MAILING ADDRESS

PO BOX 630

CITY

IRVINE

STATE

KY

POSTAL CODE

40336

COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

a UCC on all accounts receivable now owned or hereafter acquired in the operation of Estill County Water District #1 located at 76 Cedar Grove Rd Irvine, KY 40336