

LOAN AGREEMENT AND PROMISSORY NOTE

THIS AGREEMENT, entered this 12 day of April, 2019, by and between Floyd County, Kentucky, acting through its Fiscal Court of 149 S. Central Avenue, Ste 9, Prestonsburg, KY 41653, and Southern Water and Sewer District of 245 Route 680, McDowell, KY 41647, acting through its duly appointed Board.

WHEREAS the Floyd County Fiscal Court has voted to approve a loan to be made to the Southern Water and Sewer District in the amount of One Hundred Fifty Thousand Dollars (\$150,000.00) to alleviate its present financial situation; and,

WHEREAS, the Southern Water and Sewer District has sought a loan from the Floyd Fiscal Court and has agreed to repay the same pursuant to the terms herein; and,

WHEREAS, Southern Water and Sewer District intends to apply for a loan from an appropriate lending institution to, among other things, allow for the repayment of the loan made herein; and,

WHEREAS, Floyd County Fiscal Court deems it in the best interest of the citizens of Floyd County to provide this one-time financial assistance so as to avoid any interruption to the citizens served by Southern Water and Sewer District;

NOW, THEREFORE, it is hereby agreed as follows:

1. Floyd County, Kentucky, by and through its Fiscal Court, hereby agrees to loan Southern Water and Sewer District the sum of \$150,000.00 in two installment payments of \$75,000.00 on March 29th, 2019 and an additional \$75,000.00 on April 16th, 2019.
2. Southern Water and Sewer District agrees to use its best efforts to obtain a loan from an appropriate lending institution sufficient to allow it to repay the Fiscal Court and to continue, without interruption, its services to the citizens of Floyd County,

Kentucky.

3. Southern Water and Sewer District agrees to repay Floyd County, Kentucky (Floyd County Fiscal Court) the total amount of \$150,000.00 on or before July 16th, 2019.

4. In the event that Southern Water and Sewer District is able to obtain a loan sought through an appropriate lending institution, it shall repay the Floyd County Fiscal Court the \$150,000.00 loaned herein at that time, assuming the loan comes before July 16th, 2019.

5. Regardless, if Southern Water and Sewer District obtains the loan it intends to apply for or not, it shall repay the Floyd County Fiscal Court the entirety of the \$150,000.00 loan herein on or before July 16th, 2019. In the event Southern Water and Sewer District fails to do so, it shall then become responsible for all costs and reasonable fees, including reasonable attorney fees, incurred by the Floyd Fiscal Court in its efforts to collect this debt.

6. In the event Southern Water and Sewer District defaults on the note (meaning it fails to repay the \$150,000.00 loan on or before July 16th, 2019), then and in that event, Southern Water and Sewer District shall pay liquidated damages in the amount of \$100.00 per day for every day that passes beginning July 17th, 2019 and continuing until the full amount of \$150,000.00 plus all costs and reasonable attorney fees, are repaid to the Floyd County Fiscal Court.

7. The loan repayment envisioned herein shall not be dischargeable in bankruptcy and Southern Water and Sewer District agrees to never attempt to discharge this debt through bankruptcy proceedings. In the event a bankruptcy is filed, Southern Water and Sewer District agrees that this debt is not dischargeable and further agrees

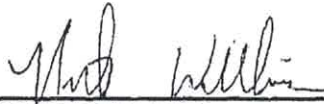
to make no effort to discharge the debt through bankruptcy.

8. Southern Water and Sewer District agrees that this debt shall constitute a lien against any and all assets it owns or has an interest in. Upon full payment of the loaned amount, this lien shall be extinguished.

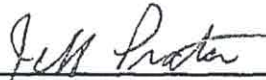
9. Southern Water and Sewer District shall use the monies loaned by the Floyd County Fiscal Court for its legitimate operating expenses and shall provide to the Floyd County Fiscal Court documentation reflecting the actual use of said monies.

10. Both the Floyd County Fiscal Court and the Southern Water and Sewer District Board represent that they enter into this agreement after a legally called public meeting and with the authority of the majority of their boards and/or court.

SO AGREED this 1st day of April, 2019.



**ROBERT WILLIAMS,
FLOYD COUNTY JUDGE EXECUTIVE**



**AUTHORIZED REPRESENTATIVE FOR
SOUTHERN WATER AND SEWER DISTRICT**

STATE OF KENTUCKY
COUNTY OF FLOYD

Subscribed sworn and acknowledged to before me by **ROBERT WILLIAMS**, Floyd
County Judge Executive, this the 1st day of April, 2019

Anna W. Allen
NOTARY PUBLIC, STATE AT LARGE

MY COMMISSION EXPIRES: 1/14/23

STATE OF KENTUCKY
COUNTY OF FLOYD

Subscribed sworn and acknowledged to before me by **Authorized Representative for
Southern Water and Sewer District**, this the 1st day of April, 2019

Anna W. Allen
NOTARY PUBLIC, STATE AT LARGE

MY COMMISSION EXPIRES: 1/14/23