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APR 03 2018

PUBLIC SERVICE  
COMMISSION

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April 2, 2018

Ms. Gwen R. Pinson, Esq.  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

**Re: *Dexter-Almo Height Water District and Its Individual Commissioners Joe Dan Taylor, Charles Boren, and Pat Paschall – Alleged Failure to Comply with KRS 278.300***  
***Case No. 2017-00468***

Dear Ms. Pinson:

Enclosed for filing in the above-referenced matter is the original and ten copies of the Respondents' Response to the Public Service Commission's Order of March 20, 2018.

Very truly yours,

Stoll Keenon Ogden PLLC

A handwritten signature in blue ink that reads "Gerald Wuetcher".

Gerald Wuetcher

GEW  
Enclosures

COMMONWEALTH OF KENTUCKY

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BEFORE THE PUBLIC SERVICE COMMISSION

APR 3 2018

In the Matter of:

Public Service  
Commission

DEXTER-ALMO HEIGHTS WATER )  
DISTRICT AND ITS INDIVIDUAL )  
COMMISSIONERS, JOE DAN TAYLOR, )  
CHARLES BOREN, AND PAT PASCHALL )

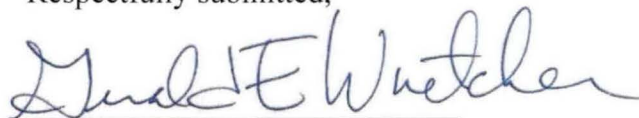
CASE NO. 2017-00468

NOTICE OF FILING

Dexter-Almo Heights Water District, Joe Dan Taylor, Charles Boren, and Pat Paschall (collectively "the Respondents"), by counsel, give notice of the filing of the attached responses in compliance with the Public Service Commission's Order of March 20, 2018.<sup>1</sup>

Dated: April 2, 2018

Respectfully submitted,



Gerald E. Wuetcher  
Stoll Keenon Ogden PLLC  
300 West Vine Street, Suite 2100  
Lexington, Kentucky 40507-1801  
Telephone: (859) 231-3017  
Fax: (859) 259-3597  
gerald.wuetcher@skofirm.com

*Counsel for Respondents*

<sup>1</sup> By its Order of March 20, 2018, the Public Service Commission ordered the Respondents to provide certain documents and to respond under oath to certain interrogatories. KRS 278.350 requires the Respondents to produce the documents in question and to respond under oath to the interrogatories and does not permit Respondents to refuse to provide a response even if such the response or requested documents may tend to incriminate them or subject them to penalty or forfeiture. KRS 278.350 further provides: "No person shall be prosecuted or subjected to any forfeiture or penalty for, or on account of, anything concerning which he was compelled to testify under oath or to produce documentary evidence, except that no person so testifying shall be exempt from prosecution or punishment for perjury committed by him in his testimony." Respondents' compliance with the Order of March 20, 2018 does not constitute a waiver of any right or protection afforded under KRS 278.350.

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>DEXTER-ALMO HEIGHTS WATER</b>	)	
<b>DISTRICT AND ITS INDIVIDUAL</b>	)	<b>CASE NO. 2017-00468</b>
<b>COMMISSIONERS, JOE DAN TAYLOR,</b>	)	
<b>CHARLES BOREN, AND PAT PASCHALL</b>	)	

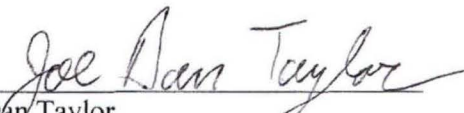
**RESPONDENTS' RESPONSE TO**  
**THE PUBLIC SERVICE COMMISSION'S ORDER OF MARCH 20, 2018**

**FILED: April 2, 2018**


**VERIFICATION**

COMMONWEALTH OF KENTUCKY     )  
  ) SS:  
COUNTY OF CALLOWAY            )

The undersigned, Joe Dan Taylor, being duly sworn, deposes and states that he is the the Chair of Dexter-Almo Heights Water District's Board of Commissioners, he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
Joe Dan Taylor

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 2nd day of April 2018.

  
\_\_\_\_\_  
Notary Public (SEAL)

My Commission Expires: 2/10/21

Notary ID: 573385

**Respondents' Response to Public Service Commission's Order of March 20, 2018**

Case No. 2017-00468

Question No. 1

Witness: Joe Dan Taylor

- Q-1.** Provide a list of all projects completed or assets purchased with the \$145,988 loan from Murray Bank of Calloway County ("Murray Bank"), dated December 9, 2009 ("December 2009 Loan"). Additionally, provide the asset ledger that is associated with this loan.
- A-1.** Dexter-Almo Heights Water District used the proceeds from a two-year note executed on December 12, 2005 and payable to Murray Bank of Calloway County to construct the Flint and West Fork Road Project (WX21035014) and the Coles Campground Road Project (WX21035012). The term of this note was extended for two additional one-year periods in December 2007 and December 2008. While the principal amount on the two-year is \$150,000, Dexter-Almo Heights Water District borrowed only \$145,988 during the life of the note.

A list of the expenditures paid from the proceeds of this note for the two projects is attached to this Response. Proceeds from the note were also used to meter settings for new customers and small water main extensions emanating from the two projects.

**Dexter - Almo Heights Water District  
Murray Bank Loan (Line of Credit)**

**Original Loan Amount: \$145,938.22**

<b>Expenses for WX21035014</b>	<b>Amount Paid</b>	<b>Date Paid</b>
Jackie Newberry Trenching	\$7,007.50	2/5/2007
Burgess & Associates Contractor	\$30,881.32	4/11/2006
	\$12,708.19	9/19/2006
	\$8,713.29	3/1/2006
Lee Roy Barnett (Inspections)	\$1,296.00	4/10/2006
Murray Ledger & Times (Print Ads)	\$80.00	7/12/2005
	\$360.00	10/7/2005
Kim Oatman(Engineer)	\$2,100.00	4/11/2006
Division of Water	\$325.00	9/13/2005
Mark Blankenship (Attorney)	\$187.50	11/8/2005
	\$600.00	11/8/2005
	\$1,294.30	12/13/2005
Calloway County Clerk (Easements)	\$108.00	10/19/2005
	\$12.00	12/14/2005
	\$86.00	11/16/2005
<b>Total Expenses Paid for WX21035014</b>	<b>\$65,759.10</b>	

<b>Expenses Paid for WX21035012</b>	<b>Amount Paid</b>	<b>Date Paid</b>
Gregory Piping	\$34,790.22	6/27/2007
	\$8,327.03	7/8/2008
	\$2,095.00	4/3/2007
Jackie Newberry Trenching	\$9,275.00	10/1/2007
Lee Roy Barnett (Inspections)	\$648.00	7/2/2007
Murray Ledger & Times (Print ADS)	\$321.76	9/8/2006
Kim Oatman (Engineer)	\$3,802.57	6/5/2007
Mark Blakenship (Attorney)	\$1,806.80	1/26/2006
	\$62.50	4/11/2006
Calloway County Clerk (Easements)	\$13.00	5/3/2007
	\$102.00	3/13/2007
	\$170.00	3/2/2007
	\$12.00	1/26/2006
	\$12.00	1/17/2006
Welch Sand & Gravel	\$114.36	11/7/2006
	\$114.90	11/7/2006
	\$113.65	11/7/2006
<b>Total Expenses Paid for WX21035012</b>	<b>\$61,780.79</b>	

**Respondents' Response to Public Service Commission's Order of March 20, 2018**

Case No. 2017-00468

Question No. 2

Witness: Joe Dan Taylor

- Q-2.** Provide in its entirety the documentation for the December 2009 Loan including documentation of the interest rate and any collateral that secures the loan.
- A-2.** Respondents assume that the request is for all documents within Dexter-Almo Heights Water District's possession involving the issuance of a promissory note to The Murray Bank of Calloway County on or about December 9, 2009. Those documents are attached to this Response.

## PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$145,988.22	12-09-2009	12-15-2024				BH	

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:** DEXTER-ALMO WATER DISTRICT  
PO BOX 55  
ALMO, KY 42020

**Lender:** The Murray Bank  
405 South 12th Street  
P. O. Box 1300  
Murray, KY 42071

**Principal Amount:** \$145,988.22

**Date of Note:** December 9, 2009

**PROMISE TO PAY.** DEXTER-ALMO WATER DISTRICT ("Borrower") promises to pay to The Murray Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Hundred Forty-five Thousand Nine Hundred Eighty-eight & 22/100 Dollars (\$145,988.22), together with interest on the unpaid principal balance from December 9, 2009, until paid in full.

**PAYMENT.** Borrower will pay this loan in full immediately upon Lender's demand. If no demand is made, 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 balance as described in the "INTEREST CALCULATION METHOD" paragraph using the interest rates described in this paragraph: 10 semi-annual consecutive principal and interest payments in the initial amount of \$7,432.78 each, beginning June 15, 2010, with interest calculated on the unpaid principal balance using an initial interest rate of 5.950% per annum; and 20 semi-annual consecutive principal and interest payments in the initial amount of \$7,109.71 each, beginning June 15, 2015, with interest calculated on the unpaid principal balance using an interest rate based on the Prime Rate as published in the Wall Street Journal (currently 3.250%), plus a margin of 1.000%, adjusted if necessary for the minimum and maximum rate limitations for this loan, resulting in an initial interest rate of 5.000% per annum. Borrower's final payment will be due on December 15, 2024 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 late charges; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

**VARIABLE INTEREST RATE.** For the first 10 payments, the interest rate on this loan will be 5.950%. 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 Prime Rate as published in the Wall Street Journal (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 year. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 3.250% 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 last payment date of the just-ending payment stream. NOTICE: After the initial fixed-rate period is completed, the interest rate cannot be less than 5.000% per annum. Under no circumstances will the interest rate on this Note be more than the lesser of 11.950% 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 1.500 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, 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; MINIMUM INTEREST CHARGE.** Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$10.00. Other than Borrower's obligation to pay any minimum interest charge, 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: The Murray Bank, 405 South 12th Street Murray, KY 42071.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$5.00, whichever is greater.

**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.

**Insolvency.** The dissolution or termination of Borrower's existence as a going organization, 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.

**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





**PROMISSORY NOTE  
(Continued)**

Loan No: 82421

Page 2

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.

**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, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

**COLLATERAL.** Borrower acknowledges this Note is secured by SECURED BY THE BORROWER'S EXISTING UCC FILED DECEMBER 19, 2005 FILE#2005-2136654-14.01 WITH THE KENTUCKY SECRETARY OF STATE ON ALL BUSINESS ASSETS; WHETHER ANY OF THE FOREGOING IS OWNED NOW OR ACQUIRED LATER; ALL ACCESSIONS, ADDITIONS, REPLACEMENTS AND SUBSTITUTIONS RELATING TO ANY OF THE FOREGOING; ALL RECORDS OF ANY KIND RELATING TO ANY OF THE FOREGOING, ALL PROCEEDS RELATING TO ANY OF THE FOREGOING (INCLUDING INSURANCE, GENERAL INTANGIBLES AND ACCOUNTS PROCEEDS).

**ERRORS AND OMISSIONS.** We understand that The Murray Bank can at any time require further documentation for underwriting requirements and agree to provide them with any documents requested before or during the life time of the loan.

**HOW LOAN PAYMENTS ARE CREDITED.** Payments on this loan can be made either in person, at one of The Murray Bank's (TMB's) night depository's, at one of TMB's full service ATM's, electronically, or by mail addressed to The Murray Bank, P.O. Box 1300, Murray, KY 42071. Payments must be received before TMB's cut off time in order to receive credit for that day. TMB's cut off time for loan payments is 4:00 p.m. CST Monday - Friday, except for payments made at one of TMB's full service ATM's. The cut off time for payments made at one of TMB's full service ATM's is 12:00 noon CST Monday - Friday. If you make your loan payments electronically, your payments will be credited on the business day they are received. All payments received after TMB's cut off times will be credited on the next business day. For these purposes, Saturdays, Sundays and federal holidays are not considered business days.

**PRIOR NOTE.** THIS LOAN IS A RENEWAL OF A PROMISSORY NOTE FROM BORROWER TO LENDER DATED DECEMBER 12, 2005 IN THE ORIGINAL AMOUNT OF 150,000.00.

**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.** Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: The Murray Bank 405 South 12th Street Murray, KY 42071.

**GENERAL PROVISIONS.** This Note is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. 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:**

DEXTER-ALMO WATER DISTRICT

By: JOE DAN TAYLOR, CHAIRMAN of DEXTER-ALMO  
WATER DISTRICT

## COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$145,988.22	12-09-2009	12-15-2024				BH	

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.

**Grantor:** DEXTER-ALMO WATER DISTRICT  
PO BOX 55  
ALMO, KY 42020

**Lender:** The Murray Bank  
405 South 12th Street  
P. O. Box 1300  
Murray, KY 42071

THIS COMMERCIAL SECURITY AGREEMENT dated December 9, 2009, is made and executed between DEXTER-ALMO WATER DISTRICT ("Grantor") and The Murray Bank ("Lender").

**GRANT OF SECURITY INTEREST.** For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

**COLLATERAL DESCRIPTION.** The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the indebtedness, and performance of all other obligations under the Note and this Agreement

SECURED BY THE BORROWER'S EXISTING UCC FILED DECEMBER 19, 2005 FILE#2005-2136654-14.01 WITH THE KENTUCKY SECRETARY OF STATE ON ALL BUSINESS ASSETS; WHETHER ANY OF THE FOREGOING IS OWNED NOW OR ACQUIRED LATER; ALL ACCESSIONS, ADDITIONS, REPLACEMENTS AND SUBSTITUTIONS RELATING TO ANY OF THE FOREGOING; ALL RECORDS OF ANY KIND RELATING TO ANY OF THE FOREGOING, ALL PROCEEDS RELATING TO ANY OF THE FOREGOING (INCLUDING INSURANCE, GENERAL INTANGIBLES AND ACCOUNTS PROCEEDS)

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

**CROSS-COLLATERALIZATION.** In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor 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. Grantor 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, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL.** With respect to the Collateral, Grantor represents and promises to Lender that:

**Perfection of Security Interest.** Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. This is a continuing Security Agreement and will continue in effect even though all or any part of the indebtedness is paid in full and even though for a period of time Grantor may not be indebted to Lender.

**Notices to Lender.** Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the structure of the association Grantor; (4) change in the authorized signor(s); (5) change in Grantor's principal office address; (6) change in Grantor's state of organization; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name or state of organization will take effect until after Lender has received notice.

**No Violation.** The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party.

**Enforceability of Collateral.** To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. At the time any account becomes subject to a security interest in favor of Lender, the account shall be a good and valid account representing an undisputed, bona fide indebtedness incurred by the account debtor, for merchandise held subject to delivery instructions or previously shipped or delivered pursuant to a contract of sale, or for services previously performed by Grantor with or for the account debtor. So long as this Agreement remains in effect, Grantor shall not, without Lender's prior written consent, compromise, settle, adjust, or extend payment under or with regard to any such Accounts. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

**Location of the Collateral.** Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral (or to the extent the Collateral consists of intangible property such as accounts or general intangibles, the records concerning the Collateral) at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

**Removal of the Collateral.** Except in the ordinary course of Grantor's business, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

**Transactions Involving Collateral.** Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever

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**COMMERCIAL SECURITY AGREEMENT  
(Continued)**

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reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

**Title.** Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

**Repairs and Maintenance.** Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

**Inspection of Collateral.** Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

**Taxes, Assessments and Liens.** Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, reasonable attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

**Compliance with Governmental Requirements.** Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

**Hazardous Substances.** Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the indebtedness and the satisfaction of this Agreement.

**Maintenance of Casualty Insurance.** Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

**Application of Insurance Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the indebtedness.

**Insurance Reserves.** Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

**Insurance Reports.** Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

**Financing Statements.** Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. If Grantor changes Grantor's name or address, or the name or address of any person granting a security interest under this Agreement changes, Grantor will promptly notify the Lender of such change.

**GRANTOR'S RIGHT TO POSSESSION AND TO COLLECT ACCOUNTS.** Until default and except as otherwise provided below with respect to accounts, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with the Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. Until otherwise notified by Lender, Grantor may collect any of the Collateral consisting of accounts. At any time and even though no Event of Default exists, Lender may exercise its rights to collect the accounts and to notify account debtors to make payments directly to Lender for application to the indebtedness. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the indebtedness.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be

**COMMERCIAL SECURITY AGREEMENT  
(Continued)**

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obligated to take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Grantor fails to make any payment when due under the Indebtedness.

**Other Defaults.** Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement 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 Grantor.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement 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.

**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Insolvency.** The dissolution or termination of Grantor's existence as a going organization, the insolvency of Grantor, the appointment of a receiver for any part of Grantor'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 Grantor.

**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 Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor 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 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.

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

**Insecurity.** Lender in good faith believes itself insecure.

**RIGHTS AND REMEDIES ON DEFAULT.** If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Kentucky Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

**Accelerate Indebtedness.** Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

**Assemble Collateral.** Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

**Sell the Collateral.** Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the Rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Collect Revenues, Apply Accounts.** Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, Instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

**Obtain Deficiency.** If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

**Other Rights and Remedies.** Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

**Election of Remedies.** Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys'

**COMMERCIAL SECURITY AGREEMENT  
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fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and 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), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Governing Law.** This Agreement 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 Agreement has been accepted by Lender in the Commonwealth of Kentucky.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

**Power of Attorney.** Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Successors and Assigns.** Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the indebtedness.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtedness shall be paid in full.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Agreement.** The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

**Borrower.** The word "Borrower" means DEXTER-ALMO WATER DISTRICT and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Collateral.** The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

**Default.** The word "Default" means the Default set forth in this Agreement in the section titled "Default".

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

**Grantor.** The word "Grantor" means DEXTER-ALMO WATER DISTRICT.

**Guaranty.** The word "Guaranty" means the guaranty from guarantor, endorser, surety or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

**Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

**Lender.** The word "Lender" means The Murray Bank, its successors and assigns.

**Note.** The word "Note" means the Note executed by DEXTER-ALMO WATER DISTRICT in the principal amount of \$145,988.22 dated December 9, 2009, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

**Property.** The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments,

COMMERCIAL SECURITY AGREEMENT  
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agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED DECEMBER 9, 2009.

GRANTOR:

DEXTER-ALMO WATER DISTRICT

By: \_\_\_\_\_  
JOE DAN TAYLOR, CHAIRMAN of DEXTER-ALMO  
WATER DISTRICT

LENDER:

THE MURRAY BANK

X \_\_\_\_\_  
Authorized Signer

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal \$145,988.22	Loan Date 12-09-2009	Maturity 12-15-2024	Loan No 82421	Call / Coll		Officer BH	Initials
References in the boxes above are for Lender's use only. [redacted] do not limit the applicability of this document to any particular loan or item. Any item above containing [redacted] has been omitted due to text length limitations.							

**Borrower:** DEXTER-ALMO WATER DISTRICT  
PO BOX 55  
ALMO, KY 42020

**Lender:** The Murray Bank  
405 South 12th Street  
P. O. Box 1300  
Murray, KY 42071

**LOAN TYPE.** This is a Variable Rate Nondisclosable Loan to an Unincorporated Association for \$145,988.22 due on December 15, 2024.

**PRIMARY PURPOSE OF LOAN.** The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.
- Business (Including Real Estate Investment).

**SPECIFIC PURPOSE.** The specific purpose of this loan is: REWRITE LOAN 82420.

**DISBURSEMENT INSTRUCTIONS.** Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$145,988.22, together with funds contributed of \$527.78, as follows:

Amount paid on Borrower's account: \$145,466.00 Payment on Loan # 54305 82420	\$146,466.00
Total Financed Prepaid Finance Charges: \$50.00 Loan Processing Fee	\$50.00
Amount Contributed by Borrower: \$527.78 Non-Loan Funds Contributed By/For Borrower	(\$527.78)
<b>Note Principal:</b>	<b>\$145,988.22</b>

**FINANCIAL CONDITION.** BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. BORROWER ACKNOWLEDGES THAT LENDER HAS PROVIDED BORROWER WITH A COPY OF THIS DISBURSEMENT REQUEST AND AUTHORIZATION. THIS AUTHORIZATION IS DATED DECEMBER 9, 2009.

**BORROWER:**

DEXTER-ALMO WATER DISTRICT

By: JOE DAN TAYLOR, CHAIRMAN of DEXTER-ALMO WATER DISTRICT

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

**The Murray Bank**  
 405 South 12th Street  
 Murray, KY 42071

**2005-2136654-14.01**

Kentucky Secretary of State  
 File Date 12/19/2005 4:30:00 PM  
 Status Active  
 Fee: \$10.00

FICE USE ONLY

**1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names**

1a. ORGANIZATION'S NAME  
**DEXTER-ALMO WATER DISTRICT**

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**PO BOX 55 ALMO KY 42020 USA**

1d. SEE INSTRUCTIONS ADDL INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION **Association** 1f. JURISDICTION OF ORGANIZATION **KY** 1g. ORGANIZATIONAL ID #, if any  NONE

**2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names**

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADDL INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID #, if any  NONE

**3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)**

3a. ORGANIZATION'S NAME  
**The Murray Bank**

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**405 South 12th Street, P. O. Box 1300 Murray KY 42071 USA**

**4. This FINANCING STATEMENT covers the following collateral:**

**A UCC ON ALL BUSINESS ASSETS WHETHER ANY OF THE FOREGOING IS OWNED NOW OR ACQUIRED LATER; ALL ACCESSIONS, ADDITIONS, REPLACEMENTS, AND SUBSTITUTIONS RELATING TO ANY OF THE FOREGOING; ALL RECORDS OF ANY KIND RELATING TO ANY OF THE FOREGOING; ALL PROCEEDS RELATING TO ANY OF THE FOREGOING (INCLUDING INSURANCE, GENERAL INTANGIBLES AND ACCOUNTS PROCEEDS).**

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAI-LOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (OPTIONAL)  All Debtors  Debtor 1  Debtor 2

8. OPTIONAL FILER REFERENCE DATA

82420



**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

The Murray Bank  
PO Box 1300  
Murray KY 42071

**2005-2136654-14.02**  
Trey Grayson, Secretary of State  
File Date 11/29/2010 4:30:00 PM  
Status Active  
Fee \$10.00  
Filer emcnuity

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # 2005-2136654-14.01

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the  REAL ESTATE RECORDS

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  ASSIGNMENT (full or partial) Give name of assignee in item 7a or 7b and address of assignee in item 7c, and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION). This amendment affects  Debtor or  Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7

CHANGE name and/or address. Give current record name in item 6a or 6b; also give new name (if name change) in item 7a or 7b and/or new address (if address change) in item 7c.  DELETE name. Give record name to be deleted in item 6a or 6b.  ADD name. Complete item 7a or 7b, and also item 7c; also complete items 7d-7g (if applicable).

**6 CURRENT RECORD INFORMATION**

6a. ORGANIZATION'S NAME  
Dexter-Almo Water District

OR

6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

**7 CHANGED (NEW) OR ADDED INFORMATION**

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

7d. TAXID: SSN OR EIN	ADDT. INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATION ID #, if any

NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

**9 NAME OF SECURED PARTY**

9a. ORGANIZATION'S NAME  
The Murray Bank

OR

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

**10 OPTIONAL FILER REFERENCE DATA**

82421

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

**2005-2136654-14.03**  
 Alison Lundergan Grimes  
 Kentucky Secretary of State  
 File Date 11/16/2015 4:30:00 PM  
 Status Active  
 Fee \$10.00  
 Filer mmullins

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE MURRAY BANK  
 405 S. 12TH ST.  
 MURRAY, KY 42071

(NOTE # 54305/82421)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER  
 2005-2136654-14.01

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. *File: Amend Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13*

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3.  ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9. For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  PARTY INFORMATION CHANGE:

Check one of these two boxes: AND Check one of these three boxes to:

This Change affects  Debtor or  Secured Party of record  CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b; and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME  
 DEXTER-ALMO WATER DISTRICT

OR

6b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME  
 INDIVIDUAL'S FIRST PERSONAL NAME  
 INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

8.  COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral

Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment) If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME  
 THE MURRAY BANK, 405 S. 12TH ST., MURRAY, KY 42071

OR

9b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. OPTIONAL FILER REFERENCE DATA:

**Respondents' Response to Public Service Commission's Order of March 20, 2018**

Case No. 2017-00468

Question No. 3

Witness: Joe Dan Taylor

- Q-3.** Explain if the December 2009 Loan includes the \$47,613 line of credit with Murray Bank approved in Case No. 2006-00420<sup>1</sup> when the Commission granted Dexter-Almo a Certificate of Public Convenience and Necessity to construct the Coles Campground Road Project and approved the proposed plan of financing.
- A-3.** The promissory note attached to the response to Question 2 provides at page 2: "THIS LOAN IS A RENEWAL OF A PROMISSORY NOTE FROM BORROWER TO LENDER DATED DECEMBER 12, 2005 IN THE ORIGINAL AMOUNT OF 150,000.00." In its Application in Case No. 2006-00420, Dexter-Almo Heights Water District stated:

Dexter-Almo Heights Water District will finance the proposed project with grants in the amount of \$92,000 and \$41,462 from Kentucky Infrastructure Authority and a loan of \$89,075 from a local bank, The Murray Bank of Calloway County, Kentucky. The district plans a goal of paying it in full within two (2) years. The note will be a line of credit with a maturity date of fifteen years.

Letter of C. Mark Blankenship, counsel for Dexter-Almo Heights Water District, to Beth O'Donnell, Executive Director, Public Service Commission (Sept. 14, 2006) at 2. In a subsequent letter to the Public Service Commission, Mr. Blankenship provided a letter from The Murray Bank of Calloway County, Kentucky dated November 23, 2005 which Mr. Blankenship indicated was a source for financing for the proposed project. Mr. Blankenship provided the same letter in Case No. 2005-00456 as evidence of a source of financing for that project.

The Response to Question 1 lists the amount of proceeds from the December 12, 2005 promissory note that were used for the construction approved in Case No. 2006-00420.

**Respondents' Response to Public Service Commission's Order of March 20, 2018**

Case No. 2017-00468

Question No. 4

Witness: Joe Dan Taylor

- Q-4.** The letter dated November 23, 2005, referenced in the Staff Report issued in Case No. 2017-00191 [footnote omitted] and attached as Exhibit A to this Appendix, states Dexter-Alma's total line of credit was for \$150,000 and was renewable on a two-year term. Explain if this line of credit refers to the December 2009 Loan.
- A-4.** See Response to Question 3.

**Respondents' Response to Public Service Commission's Order of March 20, 2018**

Case No. 2017-00468

Question No. 5

Witness: Joe Dan Taylor

- Q-5.** Provide copies of the minutes from Dexter-Alma's Board of Water District Commissioner meetings in which the December 2009 Loan was authorized and in which the two-year term was renewed.
- A-5.** See attachment to this Response.

**DEXTER-ALMO WATER DISTRICT**  
**August 8, 2005 6:00PM**

The Dexter-Almo Water Dist. met 08-08-05 at 7pm with the following present, Charles Hoke, Gene Outland, Joe Dan Taylor, Commissioners. Kathy Wyatt employee of the Water DST.

The meeting was to review the paperwork for the Kentucky Infrastructure Grant Agreement to see what needed to be done next. The board read and discussed the agreement and talked about making payments and seeking financing from outside local bank. Kathy Wyatt will contact The Murray Bank to discuss a possible line of credit for 150,000 to help fund both projects. (Flint Rd. & Coles Campground.) Kathy will also contact Mark Blankenship (attorney for the Dist) to update easement forms and talk to him about the KY Infrastructure agreement.

The meeting adjourned at 7:25pm  
Joe Dan Taylor, Secretary

**DEXTER-ALMO WATER DISTRICT  
SPECIAL CALLED MEETING  
August 18, 2005 6:00PM**

The Dexter-Almo Water Dist. met 08-18-05 at 6pm with the following present, Charles Hoke, Gene Outland, Joe Dan Taylor, Commissioners. Kathy Wyatt and Lee Roy Barnett employees of the Water DST.

Mr. Barnett reported that we need to talk to engineer for the project WX21035014 (Flint Rd.) to include putting in meter connections in the plans he is drawing up for the bidding package.

Gene Outland moved to borrow \$150,000 from The Murray Bank at 5.5% interest for construction of new water lines and at the end of construction the balance be moved to a 15yr. note. Joe Dan seconded the motion, motion passed.

Gene Outland moved that Kathy Wyatt plus any one of the three commissioners, Charles Hoke, Joe Dan Taylor, Gene Outland to sign all documents concerning bank loans and withdrawing money from the \$150,000 construction loan at The Murray Bank. Joe Dan seconded, motion carried.

Joe Dan moved to accept the new easements prepared for the District by Mark Blankenship. Gene Outland seconded, motion passed.

Gene Outland moved to pass the resolution for project #WX21035014 naming Charles Hoke to sign all documents concerning the KIA Grant Agreement. (See attached). Joe Dan seconded, motion carried.

Gene Outland moved to pass the Funding Certification, Joe Dan seconded, motion passed.

Joe Dan Taylor moves to pass the Electronic Transfer. Gene Outland seconded, motion carried.

Gene Outland moved to accept the Grant agreement from the Kentucky Infrastructure for project # WX21035014 in the amount of \$92, 000. Joe Dan seconded, motion passed.

Gene Outland moved to raise water rates to cover our water rate rise from the City of Murray. Joe Dan seconded, motion passed.

Due to the Labor Day holiday, the next meeting will be September 1, 2005 at 7pm

Gene Outland moved to purchase a new computer system from Howard D. Happy for approximately \$1300.00 Joe Dan seconded the motion passed.

The meeting adjourned at 8:00pm

Joe Dan Taylor, Secretary

## DEXTER-ALMO WATER DISTRICT

June 4 2007 7:00PM

The Dexter-Almo Water Dist. met 6-04-07 at 7pm with the following present, Charles Hoke, Gene Outland, Joe Dan Taylor, Commissioners. Kathy Wyatt, Lee Roy Barnett employees of the DST. , and Kim Oatman, engincer for the Coles Campground waterline extension

**The board approved the May and Treasurer's report.**

Also approved to pay the following bills:

1 G & C Supply	1277.36
2. CC Bd. Of Ed.	445.28
3. Cingular Wireless	46.63
4. West KY RECC	54.98
5. Dialog	102.00
6. Murray Supply	41.86
7. McCoy & McCoy	52.00
8. Platinum Plus	782.73
9. Murray Bank	912.02
10. Howard D. Happy	70.85
11. The Murray Bank (interest)	325.00
12 Construction Services	
13. New berry Trenching	8046.19
14. Murray Ledger	115.50
15. Printing Services	78.90
16. The Murray Bank (Interest)	325.00

On the financial side, Mr. Oatman reported that Gregory Piping has presented a final bill with a few minor problems (i.e. fire hydrants) Mr. Oatman will be in contact with Gregory Piping accountant and will report to us at a later date. The final bill will be approximately \$35,500.00

The board decided to withdraw \$11,000.00 from the Murray Bank construction loan to help cash flow for right now. To date we have used 70,300.0 of the 150, 00.00 we set up for construction. We have used all the 92, 00.00 and 41,462.00 grant monies. Bills left payable areas follows: Gregory Piping Final bill approximately 35,500.00 Kim Oatman 3802.57. The board voted to pay Kim Oatman in full.

The following accounts were written- off due to non-payment

1. Karen Rossen	\$22.42
2. Tera Doughty	\$39.69
3. Wendell Edmonson	\$96.38
4. Anna Walker	\$42.60

The meeting adjourned at 8:30pm

Joe Dan Taylor, Secretary



## DEXTER-ALMO WATER DISTRICT

October 1, 2007 7:00PM

The Dexter-Almo Water Dist. met 10-01-07 at 7pm with the following present, Charles Hoke, Gene Outland, Joe Dan Taylor, Commissioners. Kathy Wyatt, Lee Roy Barnett employees of the DST. Also present where the Culbertson family

The Culbertson voiced their concerns over a sickness in their family (the wife) and thought the bad water was the cause of the sickness. They were told to contact the Safe Drinking Water hotline or the Public Service Commission for further assistance. They wanted compensation for out of pocket medical expenses when Mrs. Culbertson was admitted to a local hospital.

The board decided to borrow \$9000.00 for the line of credit at the Murray Bank to help pay our current bills.

Mr. LeeRoy reported that the Lover's Lane project will proceed and that we have the 2 inch pipe in stock.

**The board approved the August Treasurer's report and minutes from the September meeting**

Also approved to pay the following bills:

1. AT&T Mobile	46.76
2. New berry Trenching	13602.20
3. Howard D. Happy	14.51
4. McCoy & McCoy	52.00
5. Construction Site Services	636.34
6. Calloway County Taxes	562.70
7. West KY RECC	60.21
8. Dialog	102.00
9. Murray Supply	34.04
10. Platinum Plus/ Fica card	810.94
11. The Murray Bank (payroll)	771.06
12 G&C	459.46
13. Hach	30.16
14. The Murray Bank (interest)	550.00
15. Qtrly taxes (Est. total)	1190.00

The board discussed Mr. David Smart (Narrow Path Subdivision) formerly White Eagle. The board approved to reimburse \$300.00 per meter when he pays the \$525.00 tap-on, the same as all the other developers we have an agreement with that lay the waterlines in their subdivision.

The meeting adjourned at 8:305pm  
Joe Dan Taylor, Secretary

**DEXTER-ALMO WATER DISTRICT**

November 12, 2007 6:00PM

The Dexter-Almo Water Dist. met 11-12-07 at 6pm with the following present, Gene Outland, Joe Dan Taylor, Commissioners. Kathy Wyatt, Lee Roy Barnett employees of the DST.

The board noted with regret the passing of our Chairman, Charles R. Hoke on Tuesday, November 6, 2007.

Mr. LeeRoy reported that he is till working on Lover's Lane project. Part of the county road could have abandoned.

The board approved to contract Jackie Newberry to do the District work.

Kathy presented low interest loan letter from the KIA with deadlines for filing for 2009 in the summer of 2008.

The board voted to extend the note at The Murray Bank for 1 year in the amount of \$126,090.22 with a limit of \$150,000.

The board voted to approved Joe Dan Taylor and Kathy Wyatt to sign all papers concerning this note extension.

**The board approved the October's Treasurer's report and minutes from the October meeting**

Also approved to pay the following bills:

1. AT&T Mobile	46.76
2. New berry Trenching	1288.00
3. Howard D. Happy	14.69
4. McCoy & McCoy	52.00
5. Construction Site Services	197.10
6. Calloway County Taxes	489.00
7. West KY RECC	56.75
8. Dialog	102.00
9. Murray Supply	
10. Platimum Plus/ Fica card	877.11
11. The Murray Bank (payroll)	685.34
12 G&C	459.53
13. The New York Bank	9890.50
14. The Murray Bank (interest)	588.99
15. RVs	88.04
16. Printing Services	243.25
17. June Ann Jones	41.56
18. KRWA	325.00

The meeting adjourned at 7:15pm  
Joe Dan Taylor, Secretary

**DEXTER-ALMO WATER DISTRICT**  
**May 6, 2008 7:00PM**

The Dexter-Almo Water Dist. met 05-06-08 at 7pm with the following present, Gene Outland, Pat Paschall, Commissioners. Kathy Wyatt, employee of the DST.

**The board approved the April Treasurer's report and minutes from the April meeting**

Also approved to pay the following bills:

1. AT&T Mobile	46.59
2. New berry Trenching	3327.50
3. Howard D. Happy	33.76
4. McCoy & McCoy	52.00
5. Construction Site Services	942.74
6. Calloway County Taxes	437.76
7. West KY RECC	77.04
8. Dialog	102.00
9. Murray Supply	103.18
10. Platinum Plus/ Fica card	927.93
11. The Murray Bank (payroll)	733.76
12 The Murray Bank (interest payment)	575.00
13. Welch Gravel	18.08
14. RVS	282.75
15. The New York Bank (KADD)	9958.45
16. G & C	441.89

Kim Oatman, engineer for the Coles Campground project met to discuss final payment for Gregory Piping for Coles Campground project. Mr. Gregory will be notified he has 30 days to take care of yard work for final payment.

The board agreed to withdraw as needed approximately \$18,000 out of the line of credit at the Murray Bank. The board authorized Kathy Wyatt to transfer funds as needed.

The meeting adjourned at 7:30pm  
Pat Paschall, Secretary

## DEXTER-ALMO WATER DISTRICT

July 7, 2008 7:00PM

The Dexter-Almo Water Dist. met 07-07-08 at 7pm with the following present, Gene Outland, Pat Paschall, Joe Dan Taylor, Commissioners. Kathy Wyatt, Lee Roy Barnett, employees of the DST.

**The board approved the June Treasurer's report and minutes from the June meeting**

Also approved to pay the following bills:

1. AT&T Mobile	46.59
2. Pierce & Assoc	
3. Howard D. Happy	11.22
4. Microbac labs	43.30
5. Construction Site Services	554.82
6. Calloway County Taxes	581.28
7. West KY RECC	51.20
8. Dialog	102.00
9. Murray Supply	316.41
10. Platinum Plus/ Fica card	1027.52
11. The Murray Bank (payroll)	1066.22
12. The Murray Bank (interest payment)	610.00
13. Murray Ledger	107.25
14. RVS	474.75
15. G & C	903.71
16. Qtrly Taxes	802.56
17. PSC Assessment	322.49
18. Gregory piping (final Bill)	8327.03
19. Newberry Trenching	2434.55

The board voted to withdraw \$11,000.00 from the line of credit at the The Murray Bank to Gregory Piping and Jackie Newberry

The board voted to write-off the following final bills for non-pay

1. Rhonda smith	40.68
2 Anita Walker	14.73
3. Ned Edwards	53.90

The meeting adjourned at 8:40pm  
Pat Paschall, Secretary

The Dexter-Almo Water Dist. met 11-11-08 at 6pm with the following present, Gene Outland, Joe Dan Taylor, Commissioners. Kathy Wyatt, employee of the DST.

The board noted with regret the passing of our Manager/Operator, LeeRoy Barnett on Friday, November 7, 2008.

**The board approved the October Treasurer's report and minutes from the October meetings October 6<sup>th</sup> and the Special –Called Meeting October 14<sup>th</sup>.**

Also approved to pay the following bills:

1. AT&T Mobile	46.60
2. The New York Bank (KADD)	9918.75
3. Howard D. Happy	14.06
4. Microbac labs	43.30
5. Dickson	
6. Calloway County Taxes	485.88
7. West KY RECC	49.77
8. Dialog	102.00
9. Murray Supply	191.37
10. Platinum Plus/ Fica card	492.23
11. The Murray Bank (payroll)	795.60
12 The Murray Bank (interest payment)	681.72
13. Printing Services	
14. RVS	157.92
15. G & C	
16. KRWA	279.13
17. Newberry Trenching	2918.25
18. Mitchell Paving	450.00
19. Construction Site Services	634.78

The board approved for Kathy to call local CPA'S for estimates or bids on preparing yearly audits for the PSC.

The board approved for Kathy to call and close credit card account and cell phone account for Mr. LeeRoy Barnett.

The Board approved to authorize Kathy Wyatt to use the remaining funds on the line of credit @ the Murray Bank (approx. \$4,000.00) if needed

The board voted to amend the Brinn Rd interconnect project from \$144,000 to \$265,000 and resubmit the project for more funding.

The board approved for Kathy Wyatt to contact the KIA (John Covington) to see if the District would be eligible for a low interest loan to pay-off the Murray Bank line of Credit.

The board approves to accept the KIA Grant for 144,000 for the Brinn Rd interconnect

The board approved a bid d date of approximately July 1, 2009 and approximately Start date August 1, 2009.

The board voted to appoint Kathy Wyatt Project Administrator for the Brinn Rd interconnect #WX21035025.

The board approved the budget for 2009 to be submitted to the Fiscal Court by December 1

The meeting adjourned at 7:45pm  
Pat Paschall, Secretary

**DEXTER-ALMO WATER DISTRICT**  
**December 1, 2008 6:00PM**

The Dexter-Almo Water Dist. met 12-01-08 at 6pm with following present, Joe Dan Taylor, Gene Outland, Pat Paschall, Commissioners, Kathy Wyatt & Jay Wyatt, employees of the the Dist.

**The board approved the November Treasurer's Report and the minutes from the November meeting.**

The board also approved to pay the following bills:

1. FICA Card	352.77
2. Howard D Happy	15.47
3. RVS	157.92
4. West KY RECC	59.27
5. G&C	455.76
6. Calloway Co, Tax	467.68
7. Murray Bank (payroll)	831.32
8. Newberry Trenching	480.00
9. Murray Bank (interest)	700.00
10. Dialog	102.00
11. Micobac	43.30
12. Murray Supply	36.23
13. AT&T	46.60

The board discussed hiring an operator for the district. The board voted to run an ad in the paper for a week to accept resumes until December 31, 2008. Kathy Wyatt will have job description and salary information available at the office for interested applicants. Kathy will also talk with the Adam Scott (PADD), the PSC, and the Division of Water for questions on qualifications, year of experience and out of state certifications. The board will go over the résumés at the January meeting.

Pat Paschall made a motion to extend the line of credit at the Murray Bank for 12 months. Gene Outland seconded, the motion passed.

The board approved Joe Dan Taylor and Kathy Wyatt to sign all papers to extend the note at the Murray Bank for 12 months.

The board discussed the estimated cost for Kim Oatman, engineer for the Brinn Rd interconnect project. The board will table this until the January meeting when they can meet with Kim Oatman.

The board approves to write-off the following accounts for non-payment

1. Diana Bess	11.38
2. Jill Adams	44.67

The board voted to give the employees of the District a bonus in recognition of service over the past year.

Kathy Wyatt	750.00
Jay Wyatt	250.00
Michael Birdsong	250.00

The meeting adjourned at 8:05pm  
Pat Paschall  
Secretary

**DEXTER-ALMO WATER DISTRICT**  
**November 2, 2009 6:00PM**

The Dexter-Almo Water Dist. met 11-02-09 at 6pm with following present, Joe Dan Taylor, Gene Outland, and Pat Paschall, Commissioners, Kathy Wyatt & Jay Wyatt, employees of the the Dist.

**The board approved the November's Treasurer's Report and the minutes from the October meeting.**

The board also approved to pay the following bills:

1. FICA Card	204.87
2. Howard D Happy	13.60
3. Printing Services	89.00
4. West KY RECC	71.15
5. Freddie O'Bryan	100.00
6. Calloway Co, Tax	429.79
7. Murray Bank (payroll)	600.48
8. G&C	165.08
9. Murray Bank (interest)	681.71
10. Dialog	102.00
11. Micobac	64.50
12. KWRA (dues)	300.00

Jay Wyatt told the board he would need a 10" coupling to be able to repair the waterline incase of a break. The board approved the purchase. Jay also needs a small vise to be able to cinch small water lines incase of a break or meter changeouts. The board said to get quotes from 3 different places and go with the best price and purchase the vise. The board voted to allow Jay to purchase needed items for the district within reason. Any major purchase will need the board's approval.

Jay also reported that the truck will need servicing and prep work fro winter. The board said to get done to the truck what needed to be done.

The board discussed the line of credit note at The Murray Bank that is set to mature December 9, 2009. The board discussed several options as to how long to go on the note. The board chose to go for a longer time frame so the district can build up funds in case of a major break, a hard to find leak or a major purchase should arise. The board also discussed that when possible we would make extra payments and pay the loan off quicker. Gene Outland made a motion that the district set the note up for 15years making semi-annual payments. Pat Paschall seconded, the motion passed.

Pat Paschall made a motion to authorize Joe Dan Taylor, Chairman to sign any documents concerning the loan. Gene Outland seconded, motion carried.

The board voted to write-off the following accounts due to non-payment

1. Keith Bass	37.07
2. Tammy Merrell	38.38
3. Jill Patterson	13.71

The meeting adjourned at 8:00p.m.

Pat Paschall  
Secretary

**DEXTER-ALMO WATER DISTRICT  
December 7, 2009 6:00PM**

The Dexter-Almo Water Dist. met 12-07-09 at 6pm with following present, Joe Dan Taylor, Gene Outland, and Pat Paschall, Commissioners, Kathy Wyatt & Jay Wyatt, employees of the the Dist.

**The board approved the December s Treasurer's Report and the minutes from the November meeting.**

The board also approved to pay the following bills:

- |                                     |        |
|-------------------------------------|--------|
| 1. FICA Card                        | 202.53 |
| 2. Howard D Happy                   | 10.00  |
| 3. Dickson                          | 47.00  |
| 4. West KY RECC                     | 79.65  |
| 5. Freddie O'Bryan                  | 140.00 |
| 6. Calloway Co, Tax                 | 511.60 |
| 7. Murray Bank (payroll)            | 503.32 |
| 8. G&C                              | 950.35 |
| 9. Murray Bank (interest)           | 681.71 |
| 10. Dialog                          | 102.00 |
| 11. Micobac                         | 64.50  |
| 12. Hach                            | 75.79  |
| 13. Murray Supply                   | 115.21 |
| 14. Overbey Farms (lost bean crop)  | 950.00 |
| 15. Donnie Overbey (storage)        | 700.00 |
| 16. Howard Brandon (lost bean crop) | 50.00  |

Jay Wyatt told the board he would be leaving around the 15<sup>th</sup> of the month to accept a job in Eddyville with a surveying company. Jay offered to stay on at an hourly wage for when he might be available in case of an emergency at night or weekends and to assist in the running of the district. The board voted to pay \$12/perhour when he works.

The board voted to offer the job to Michael Birdsong on a salary bases. The board will try to meet with him the next couple of days to discuss this with him.

The board also discussed hiring another part-time employee to help with reading meters and any other problems (leaks, breaks, etc) that may occur.

Jay also informed the board that the Brinn Rd project is done except for setting a master meter (the city will be doing this) and the yard work to be done by Revell Construction in the spring.

The board voted to set the note up at the Murray Bank on a 5 year fixed rate of 5.95 with semi-annual payments of 7375.00 Joe Dan Taylor will sign paperwork this week.

The meeting adjourned at 8:45p.m.  
Pat Paschall  
Secretary

**Addendum to meeting**

The board met with Michael about the position and he made the decision not to accept, he will stay on as an hourly employee. Freddie O'Bryan will continue to be the Operator and Jay will be available when possible.