

DORSEY, GRAY, NORMENT & HOPGOOD
ATTORNEYS-AT-LAW

318 SECOND STREET
HENDERSON, KENTUCKY 42420

July 8, 2016

JOHN DORSEY (1920-1986)
STEPHEN D. GRAY
WILLIAM B. NORMENT, JR.
J. CHRISTOPHER HOPGOOD
B. MADISON GRAY
DAVIS L. HUNTER

TELEPHONE
(270) 826-3965
TELEFAX
(270) 826-6672
www.dkgnlaw.com

RECEIVED

JUL 12 2016

PUBLIC SERVICE
COMMISSION

PRIORITY MAIL

Ms. Talina Rose Matthews
Executive Director
Kentucky Public Service Commission
Post Office Box 615
Frankfort, KY 40602

Re: Beech Grove Water System, Inc.
Application

Dear Ms. Matthews:

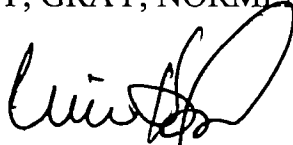
Enclosed for filing please find the original and 10 copies of application for purchasing an automated metering system.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, GRAY, NORMENT & HOPGOOD

By



J. Christopher Hopgood
Attorney for Beech Grove Water System, Inc.

JCH/cds
Encls.

RECEIVED

JUL 12 2016

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**THE APPLICATION OF BEECH GROVE)
WATER SYSTEM, INC. TO INCUR)
INDEBTEDNESS OF \$125,251.00 FOR THE)
PURCHASE OF A METERING SYSTEM)**

CASE NO. 2016-_____

APPLICATION

The applicant, **BEECH GROVE WATER SYSTEM, INC.** (the “District”), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the “Commission”) enter an order authorizing the District to incur indebtedness in the approximate principal amount of \$125,251.00 for the purpose of purchasing an automated metering system. In support of this application and in compliance with the rules and regulations of the Commission, the District states as follows:

1. The District was established as a non-profit corporation on or about March 13, 1970, when its articles of incorporation were filed with the Kentucky Secretary of State. The applicant attests that it is in good standing. A copy of its bylaws is on file in Case No. 2010-00309. The District is now, and has been since its inception, regulated by the Commission, and all records and proceeds of the Commission with reference to the District are incorporated in this application by reference.

2. The governing body of the District is its Board of Directors with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 273.161, et seq. and all applicable laws and regulations.

3. The mailing address of the District is as follows:

Beech Grove Water Systems, Inc.
445 State Route 56 N
Calhoun, Kentucky 42327
Telephone: (270) 273-5738
Telefax: (270) 273-5770
Email: beechgrovewaters@bellsouth.net

4. A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2015 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from Government Capital Corporation ("GCC") pursuant to a note or financing agreement (the "GCC Loan"), in the estimated principal amount of \$125,251.00 for the purpose of purchasing a Zenner USA fixed base automated metering system from G & C Supply Co., Inc.

6. The estimated debt service for the GCC Loan is shown in "Exhibit A," which is attached hereto and incorporated herein by reference. The debt service schedule and estimated interest rates are fixed. Applicant is electing the 5 year term with annual payments of \$28,555.12, an interest rate of 4.53% with the first payment beginning one year after execution and four additional payments annually thereafter.

7. The GCC Loan will provide the District with the funds necessary to purchase the above referenced automated metering system.

8. The Uses of Funds to be obtained from the issuance of the GCC Loan are detailed as "Exhibit B," which is attached hereto and incorporated herein by reference.

9. The Debt Service Schedule of the Loan for the purchase of the meters is set forth in "Exhibit A."

10. The District represents that the GCC Loan is in the public interest and is intended to accomplish the purpose of strengthening the operations of the District by enabling it to acquire a modern and efficient metering system. This is a lawful object within the corporate purposes of the District's utility operations. The GCC Loan is necessary, appropriate for, and consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service. The loan will not result in a rate increase.

11. The District represents that it will, as soon as reasonable possible after the closing of the GCC Loan, file with the Commission a statement setting forth the date of execution of the GCC Loan, the price paid, and the fees and expenses incurred in the execution of the GCC Loan.

12. The detailed Statement of Revenues, Expenses and Changes in Net Position, Statement of Net Position and Statement of Cash Flows for the 12 month period ending on December 31, 2015, are contained in the annual report on file and incorporated herein by reference.

13. Pursuant to 807 KAR 5:001, Section 12 – Financial Exhibit; the District hereby responds as follows:

(i) Section 12(1)(b): The District states that it had less than \$5,000,000.00 in gross annual revenue in the immediate past calendar year and that no material changes to the District’s financial condition have occurred since the end of the 12 month period contained in the District’s most recent annual report on file with the Commission.

(ii) Section 12(2)(a), (b) and (c) Stock: The District states that its authorized, issued and outstanding stock as of the date hereto is held by each consumer in the District.

(iii) Section 12(2)(d) Mortgages: The District does not have any outstanding mortgages as of the date hereof.

(iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of the District is contained in the 2015 Annual Report on file with this Commission.

(v) Section 12(2)(h) Dividends: The District pays no dividends.

(vi) Section 12(2)(i) Financial Statements: See paragraph No. 12 above.

14. Pursuant to 807 KAR 5:001, Section 18, the District hereby responds as follows:

(i) Section 18(1)(a): The District has complied with the requirements of 807 KAR 5:001, Section 14.

(ii) Section 18(1)(b): A general description of the District's property, its field of operation and a statement of original cost of said property and the cost to the District is contained in the District's 2015 Annual Report on file with this Commission. Copies of the deeds to land owned by the Applicant are attached hereto as collective "Exhibit C."

(iii) Section 18(1)(c): The District is not issuing any stock as part of this financing. The information concerning the proposed GCC Loan is contained in this Application. The GCC Loan will be secured by and payable from the gross revenues of the District's water system.

(iv) Section 18(1)(d): The proceeds of the GCC Loan are being used to acquire the above referenced metering system.

(v) Section 18(1)(e): The property that is being acquired with the proceeds of the GCC Loan is the metering system described in "Exhibit B."

(vi) Section 18(1)(f): The loan is not being used to re-amortize existing debt.

(vii) Section 18(1)(g): Written notification of the proposed issuance of the GCC Loan is being provided to the State Local Debt Officer.

(viii) Section 18(2)(a): See paragraph No. 13 above.

(ix) Section 18(2)(b): The District does not have any outstanding trust deeds or mortgages.

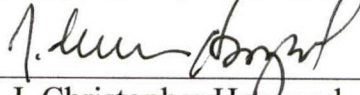
(x) Section 18(2)(c): The property being acquired with the proceeds of the GCC Loan is discussed in "Exhibit B attached to.

15. No rate adjustment will be necessary.

WHEREFORE, the District respectfully requests that the Commission take the following actions:

1. Authorize the execution of the loan documents.
2. Process this Application without a formal hearing in order to save time and expense. The District will promptly respond to any information requests by the Commission's staff.

DORSEY, GRAY, NORMENT & HOPGOOD

By 
J. Christopher Hopgood


318 Second Street
Henderson, KY 42420
Telephone: (270) 826-3965
Telefax: (270) 826-6672
Counsel for Beech Grove Water Systems, Inc.
chopgood@dkgnlaw.com

STATE OF KENTUCKY
COUNTY OF Henderson

The affiant, **NATHAN WARD**, being first duly sworn, states: That he is the President of **BEECH GROVE WATER SYSTEMS, INC.**, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, he believes to be true and correct.

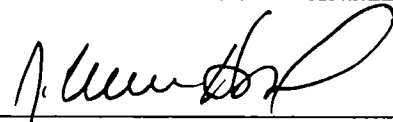
IN TESTIMONY WHEREOF, witness the signature of the undersigned on this the 7th day of June, 2016.

July


NATHAN WARD

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by
NATHAN WARD, President of **BEECH GROVE WATER SYSTEM, INC.** on this
the 7th day of ~~June~~ ^{July}, 2016.

My commission expires 5-3-2018



Notary Public, State of Kentucky at Large

(seal)



GOVERNMENT CAPITAL
CORPORATION

May 6, 2016

Beech Grove Water System, KY

Re: Zenner Water Meters

We are pleased to offer the following terms for financing:

Issuer:	Beech Grove Water System, KY
Financing Structure:	Taxable Lease Purchase Financing
Capital Cost:	\$ 125,251

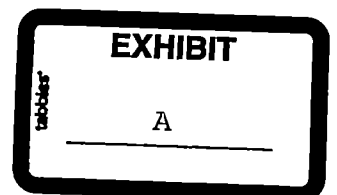
Annual Term:	5 Payments	10 Payments
Annual Payments:	\$ 28,555.12	\$ 16,826.16
Interest Rate:	4.53%	5.512%
Payments Commence:	One year from signing and annually thereafter	

The above terms are subject to qualifications under 265(b)3 of the Internal Revenue Code, underwriting approval, and mutually acceptable documentation. Proposed funding considers the total cost of borrowing including escrow fees and issuance costs. Terms subject to change if funding occurs more than 14 days from proposal date.

Please let me know if there are any questions about the proposed terms.

Sincerely,

Stephanie Cates
Government Capital Corporation
(817) 722-0214
CC: Ed King



The transaction described herein is an arm's length, commercial transaction between you and Government Capital Corporation ("GCC"), in which GCC: (i) is acting solely for its own financial and other interests that may differ from yours; (ii) is not acting as your municipal advisor or financial advisor, and has no fiduciary duty to you with respect to this transaction; and (iii) is not recommending that you take an action with respect to this transaction.

To: Beech Grove Water System

05/10/2016

From: Steve Foster

Re: G & C / ZENNERUSA Fixed Base AMI Metering System

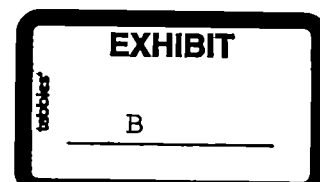
1. System to include ;
 - Stealth MIU Repeater (10)
 - Stealth System Interface Development, Billing Interface, (1)
 - Stealth Handheld Unit w/Cradle Kit (1),
 - Stealth Collector – GPRS Ready (SCG) (1),
 - Stealth Enhanced Repeater – A/C Powered (SERAC) (2)
 - Stealth Enhanced Repeater - D/C Powered (SERDC) (2)
 - Stealth Command Software Hosted by ZENNERUSA (1),
 - Stealth Command Software Hosted per Meter (577)
 - Project Management Installation/Training
 - A. Stealth Installation Training per Day (2)
 - B. Stealth Vision Mobile Software Training per Day (2)
 - C. Project Management (6 Days)

Sub Total \$32,000.00

2. Provide 5/8 X 3/4" New Multi-Jet, Bottom Load, US Gallons, ETR Encoder Output, With Stealth Pit Install Kit – (519) W/Lid Lock and Extension
3. Provide 1" New Multi-Jet, Bottom Load, U.S. Gallons, ETR Encoder Output, With Stealth Install Kit – (58) W/Lid Lock and Extension

519- Meters 5/8X3/4"	Ea. \$159.00	Extended	\$82,521.00
58- Meters 1"	Ea. \$185.00	Extended	\$10,730.00

Grand Total \$125,251.00



Annual Maintenance Fees;

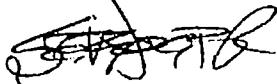
\$336.00 on Handheld with Cradle Kit

\$700.00 on AMI Hardware

\$1,677.00 on AMI Software

Total Annual Maintenance \$2713.00

Steve Foster

A handwritten signature in black ink, appearing to read 'Steve Foster', written over a faint, illegible printed name.

Sales Manager

G & C Supply Co., Inc.

sfoster@gcsupplyco.com

www.gcsupplyco.com

800-238-3836

THIS DEED OF CONVEYANCE made and entered into this the 8 day of February, 2011, by and between Mary Hudson, unmarried, of 220 Hwy. 56 N., Calhoun, Kentucky 42327, Party of the First Part, and Beech Grove Water System, Inc., of P. O. Box 118, Beech Grove, Kentucky 42322, Party of the Second Part.

MCLEAN COUNTY
D 185 PG149

WITNESSETH: That for and in consideration of the sum of TWO THOUSAND and no/100 (\$2,000.00) DOLLARS, cash in hand paid, the receipt of which is hereby acknowledged, the Party of the First Part does hereby grant, bargain, sell and convey unto the Party of the Second Part, its successors and assigns, the following described real property located in McLean County, Kentucky, having an address of Ky. 56 N., Calhoun, Kentucky, and more particularly described as follows, to-wit:

A tract of land on the east side of Ky. 56 North located approximately 0.24 mile north of Beech Grove, McLean County, Kentucky.

Unless stated otherwise any monument referred to herein as "iron pin(set)" is a set 3/4" rebar eighteen inches in length with a cap stamped "Simmons P.L.S. No. 1874".

Beginning at a bridge bolt (found) in the east right of way line of Ky. 56 North, being the northwest corner to Jimmy Edgar Smith and Mary Alice Smith (Deed Book 121, page 66) and being the southwest corner to the tract of land described herein; thence with the east right of way line of Ky. 56 North, being 30.00 feet from and parallel with the center of said road, with the following courses: N. 13 degrees 31' 03" E, 41.10 feet to a point; thence N. 15 degrees 26' 11" E. 87.59 feet to an iron pin (set), being the southwest corner to Michael J. Powell and Deborah J. Powell (Deed Book 171, page 84); thence with the south line of Powell S. 51 degrees 11' 35" E, passing through an iron pin (set) at 174.80 feet, a total of 179.80 feet to a corner fence post (found), being the southeast corner to Powell and being a corner to Jimmy Edgar Smith and Mary Alice Smith (Deed Book 121, page 66); thence with the north line of Smith S. 86

EXHIBIT

C

tabbles

degrees 17' 46" W, passing through an iron pin (set) at 5.00 feet, a total of 174.87 feet to the point of beginning, containing 0.246 acre (10,714 square feet), more or less and being subject to all legal and existing easements and rights of way including but not limited to those shown on a plat of survey by Joseph H. Simmons, Jr., dated December 30, 2010, a copy of which is of record in Plat Cabinet 5, page 17.

MCLEAN COUNTY
D 185 PG151

This being the same property conveyed to Mary Hudson from Kerry W. Dame and Karen Dame, his wife, by deed dated October 29, 1993. of record in Deed Book 128. page 502.

All references herein being in the Office of the McLean County Clerk.

All minerals underlying the subject property owned by First Party are conveyed herein, but no warranty is made with respect to such minerals.


The parties hereto state the consideration reflected in this deed is the full consideration paid for the property. The Second Party joins this deed for the sole purpose of certifying the consideration pursuant to KRS 382.990.

The property tax bill for the current year should be mailed to Beech Grove Water System, Inc., P. O. Box 118, Beech Grove, KY 42333.

TO HAVE AND TO HOLD, the above described property unto the Party of the Second Part, its successors and assigns, forever, with Covenant of General Warranty.

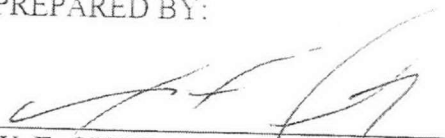
IN TESTIMONY WHEREOF, witness our signatures this the day and date first hereinabove written.

FIRST PARTY:



MARY HUDSON

PREPARED BY:

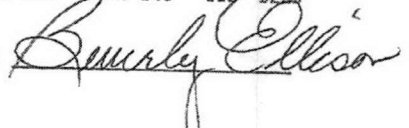

W. E. QUISENBERRY, JR., ATTORNEY
P. O. BOX 261
CALHOUN, KENTUCKY 42327

MCLEAN COUNTY
D 185 PG152

jdocuments/deed/beechn grove water system-mary hudson

DOCUMENT NO: 94085
RECORDED ON: February 08, 2011 04:12:00PM
COUNTY CLERK: STACY A PATRICK
COUNTY: MCLEAN COUNTY
BOOK: D 185 PAGE: 149 - 152 DEED

Signed:



THIS DEED OF CONVEYANCE made and entered into this the 9th day of March 2010, by and between Glen M. Tanner and Gina Cheryl Tanner, his wife, of 8501 Hwy. 256, Calhoun, Kentucky, Parties of the First Part, and Beech Grove Water System, Inc. of P. O. Box 118, Kentucky, Party of the Second Part.

WITNESSETH: That for and in consideration of the sum of TWO THOUSAND FIVE HUNDRED and 00/100 (\$2,500.00) DOLLARS, cash in hand paid, the receipt of which is hereby acknowledged, the Parties of the First Part do hereby grant, bargain, sell and convey unto the Party of the Second Part, its successors and assigns, the following described real property located in McLean County, Kentucky having an address of Hwy. 256 S., Beech Grove, Kentucky, and more particularly described as follows, to-wit:

Unless stated otherwise, any monument referred to herein as "iron pin (set)" is a 3/4" rebar eighteen inches in length with a cap stamped "Simmons P. L. S No. 1874".

Beginning at a 5/8" rebar (found), being the northeast corner to America Tower Management, Inc. (Deed Book 148, page 504) and a corner of Glen M. and Gina Cheryl Tanner (Deed Book 155, page 649); thence S 57 degrees 52' 32" E, 67.56 feet to an iron pin (set), the true point of beginning having Kentucky South State Plane Coordinate N-2106475.87, E-1163084.05; thence with the lines of the remaining tract of Tanner with the following courses: N 35 degrees 56' 29" E, 52.02 feet to an iron pin (set); thence S 48 degrees 43' 03" E, 51.05 feet to an iron pin (set); thence S 35 degrees 11' 28" W, 51.25 feet to an iron pin (set); thence N 49 degrees 38' 52" W, 51.65 feet to the true point of beginning containing 2640 square feet, more or less and being subject to all legal and existing easements and rights of way including but not

limited to those shown on a plat of survey by Joseph H. Simmons, Jr. dated February 8, 2010 of record in Plat Cabinet 176, page 176.

Also conveyed is a 20 foot wide access easement, 10 feet each side of the center of the existing drive leading from the above described tract of land to Ky. 256 and across the land of Jerry Jordan (Deed Book 161, page 235) as shown on the survey plat.

This being a portion of the same property conveyed to Glen M. Tanner and Gina Cheryl Tanner, his wife, and the survivor of them, from Roy Ray Jennings, unmarried, by deed dated the 1st day of May, 2002 of record in Deed Book 155, page 649.

All references herein are of record in the office of the McLean Country Clerk.

The parties hereto state the consideration reflected in this deed is the full consideration paid for the property. The Second Party joins this deed for the sole purpose of certifying the consideration pursuant to KRS 382.990.

The property tax bill for the current year should be mailed to Beech Grove Water System, Inc., P. O. Box 118, Beech Grove, Kentucky 42322.

TO HAVE AND TO HOLD, the above described property unto the Party of the Second Part, its successors and assigns, forever, with Covenant of General Warranty.

IN TESTIMONY WHEREOF, witness our signatures this the day and date first hereinabove written.

FIRST PARTIES:

Glen M. Tanner
GLEN M. TANNER

Gina Cheryl Tanner
GINA CHERYL TANNER

SECOND PART:

BEECH GROVE WATER SYSTEM, INC.

BY: Keith Stratton, President
KEITH STRATTON, PRESIDENT

ATTEST:

Shirley Cheatham
SHIRLEY CHEATHAM, SECRETARY

STATE OF KENTUCKY

COUNTY OF McLEAN

SCT....

The foregoing deed and consideration certificate was acknowledged and sworn to before me by Keith Stratton, President and Shirley Cheatham, Secretary of Beech Grove Water System, Inc., known to me to hold said offices, for and on behalf of said corporation, to be their free act and deed, on this the 9th day of March, 2010.

Brent A. Pulley
Notary Public, State at Large
My Commission Expires: 9/21/12

STATE OF KENTUCKY

COUNTY OF McLEAN

SCT....

The foregoing consideration certificate was subscribed, sworn to, and acknowledged before me by Glen M. Tanner and Gina Cheryl Tanner, his wife, to be their free act and deed, on this the 9th day of March, 2010.

Bente Pluep
Notary Public, State at Large
My Commission Expires: 4/21/12

PREPARED BY:

W. E. Quisenberry, Jr.
W. E. QUISENBERRY, JR., ATTORNEY
P. O. BOX 261
CALHOUN, KENTUCKY 42327

(NO TITLE EXAMINATION WAS PERFORMED)

The description was furnished by Second Party

C:\E Documents\deed\bg water system-glen tanner.doc

DOCUMENT NO: 92197 4
RECORDED ON: March 10, 2010 09:13:00AM
COUNTY CLERK: LINDA R JOHNSON
COUNTY: McLEAN COUNTY
BOOK: D 182 PAGE: 655 - 658 DEED

Signed: W. E. Quisenberry, Jr.

DEED OF CONVEYANCE

THIS DEED OF CONVEYANCE is made and entered into this 1st day of July, 1994, by and between Boyd C. Jackson, a/k/a Boyd Jackson, single, whose mailing address is 2425 Middle-ground Drive, Owensboro, Kentucky 42301, First Party, and Beech Grove Water System, Inc., a non-profit corporation, organized and existing under the laws of the Commonwealth of Kentucky, with a mailing address of P. O. Box 118, Beech Grove, Kentucky 42322, Second Party.

WITNESSETH: That for and in consideration of the sum of Six Thousand (\$6,000.00) Dollars, cash in hand paid, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, First Party has bargained and sold and does hereby grant, bargain, sell and convey unto Second Party, its successors and assigns forever, the following described property located in McLean County, Kentucky, to-wit:

Tract I.

Located on the West side of Kentucky Highway 56, approximately 1/4 mile North of Beech Grove, McLean County, Kentucky, and described as Lot No. 5 of the Harold V. Wright and Lillian L. Wright Ball subdivision, a plat of said sub-division, prepared by Harold B. Revlett, Kentucky Registered Land Surveyor, No. 363, is of record in Plat Book 1, page 23, in the Office of the McLean County Court Clerk, Calhoun, Kentucky, and the description of Lot No. 5 as set out in said plat is adopted herein by reference.

AND BEING the same property conveyed to Boyd C. Jackson, from Harold V. Wright, et al, by deed dated February 22, 1974, of record in Deed Book 82, page 8, Office of the McLean County Court Clerk.

Tract II.

Beginning at a stake in the Beech Grove and Owensboro Road, and running thence with said Road North 191 feet to the corner of Catholic Church Grave Yard; thence with said Grave Yard west 300 feet to a stake; thence in a Southeasterly direction 230 feet to a stake, the beginning, containing one-half acre, more or less.

RECORDED IN

BOOK NO. 130 PAGE NO. 386

DEED TAX PAID

6.00

AND BEING the same property conveyed to Boyd Jackson, from Mae Jackson, a widow, by deed dated November 8, 1971, of record in Deed Book 76, page 107, Office of the McLean County Court Clerk.

LICER 0130 PAGE 387

TO HAVE AND TO HOLD the above-described real estate, together with all the rights, privileges and appurtenances thereunto belonging, or in anywise appertaining, unto Second Party, its successors and assigns forever, with covenant of General Warranty.

The above premises are hereby conveyed subject to the following restriction. Second Party hereby covenants and agrees that the premises shall not be used as a Catholic cemetery, nor shall the premises be sold to any person or entity for use as a Catholic cemetery. This restriction and covenant shall run with the land.

The parties hereto certify that the consideration reflected in this Deed is the full consideration paid for the above-described property.

IN TESTIMONY WHEREOF, witness the signatures of First Party and Second Party, this the date first above written.

FIRST PARTY:

Boyd C. Jackson
Boyd C. Jackson

SECOND PARTY:

BEECH GROVE WATER SYSTEM, INC.
By: Shirley Cheatham
Shirley Cheatham, President

ATTEST:

Mary Blackman
Mary Blackman, Secretary

STATE OF KENTUCKY)
COUNTY OF McLean)

The foregoing Deed and Consideration Certificate was acknowledged, subscribed and sworn to before me by Boyd C. Jackson,

single, this 29th day of June, 1994.

1130 PAGE 388

Bernardine Edwards
Notary Public, State at Large
My commission expires: 4-1-1998

STATE OF KENTUCKY)
COUNTY OF McLean

The foregoing Deed and Consideration Certificate was acknowledged, subscribed and sworn to before me by Shirley Cheatham and Mary Blackmun, President and Secretary, respectively, of Beech Grove Water System, Inc., for and on behalf of said corporation, this 29 day of June, 1994.

J.G.P.

Johnnie Phillips
Notary Public, 4/28/97
My commission expires:

PREPARED BY:

Marty G. Jacobs
Marty G. Jacobs
LOVETT & LAMAR
208 West Third Street
Owensboro, KY 42303
502/926-3000

STATE OF KENTUCKY, COUNTY OF McLEAN-SCT.
I, LINDA RAY JOHNSON, McLEAN COUNTY CLERK, DO CERTIFY THAT THE FOREGOING deed
WAS LOGGED IN MY OFFICE AT 2:00 O'CLOCK PM ON 20 July
19 94 AND THAT I HAVE RECORDED IT, THE FOREGOING, AND THIS CERTIFICATE IN MY SAID OFFICE, GIVEN
UNDER MY HAND THIS 6 DAY OF July, 19 94
LINDA RAY JOHNSON, CLERK BY: J. Hicks D.C.

THIS LONG TERM LEASE AGREEMENT made and entered into effective the 1 day of Jan, 1996, by and between Beech Grove Water System, Inc., a non-profit corporation organized and existing under the laws of the Commonwealth of Kentucky, P. O. Box 118, Beech Grove, Kentucky, Party of the First Part, sometimes referred to as Lessor, and McLean County, Kentucky, of P. O. Box 127, Calhoun, Kentucky, Party of the Second Part, sometimes referred to as Lessee.

WITNESSETH: That for and in consideration of the construction by the Lessee of a building to house the Beech Grove Volunteer Fire Department and further in consideration of the use by Lessor of two offices contained in said building and located in the southwest corner of same,

NOW, THEREFORE, the Party of the First Part does hereby demise and let unto the Lessee, McLean County, for the term set forth herein, the premises described as follows:

TRACT I - Located on the west side of Kentucky Highway 56, approximately 1/4 mile North of Beech Grove, McLean County, Kentucky, and described as Lot No. 5 of the Harold V. Wright and Lillian L. Wright Ball Subdivision, a plat of said subdivision prepared by Harold B. Revlett, Kentucky Registered Land Surveyor, No. 363, is of record in Plat Book 1, page 23, in the Office of the McLean County Clerk, Calhoun, Kentucky, and the description of Lot No. 5 as set out in said plat is adopted herein by reference.

TRACT II - BEGINNING at a stake in the Beech Grove and Owensboro Road, and running thence with said road North 191 feet to the corner of Catholic Church Grave Yard; thence with said grave yard west 300 feet to a stake; thence in a southeasterly direction 230 feet to a stake, the beginning, containing one-half acre, more or less.

This being the same property conveyed to First Party herein from Boyd C. Jackson, single, by deed dated the 1st day of July, 1994, of record in Deed Book 130, page 386, office of the McLean County Clerk.

LEASE TERM

The term of this lease shall be for a period of 99 years and the receipt of the consideration for said lease is acknowledged by the Lessor.

RECORDED IN

reed
BOOK NO. 144 PAGE NO. 200

Page 1 of 4

3-18-98 date
11.00 amt pd

RESERVATION TO LESSOR

The Lessor, however, shall continue to be entitled to occupy two offices in the southwest corner of said building. The Lessor shall additionally be entitled to the joint use of the common hallway and restrooms and additionally shall be entitled to schedule the use of the meeting room, subject to availability.

ASSIGNMENT OR SUBLETTING

This lease may be sold, assigned, sublet, mortgaged, pledged or transferred by the Lessee, provided, however, it is understood that the obligations of the Lessee to the Lessor hereunder shall continue despite any such action. Lessor shall likewise have the right to sell, assign, pledge, mortgage or in any manner transfer this lease. Any such transfers shall be limited to a not for profit corporation or governmental or similar entity.

DAMAGE TO PREMISES

In the event the leased premises are partially or totally destroyed by fire or other casualty, then the Lessee shall have the option of rebuilding or repairing the damaged premises or, at Lessee's election, Lessee may terminate this lease and Lessor shall retain ownership of said property free and clear of this lease.

In the event Lessee elects to rebuild, then Lessor shall continue to have the use of the rooms with at least the same area and accessibility as the offices now occupied by it.

INSURANCE

Lessee may, if Lessee wishes, insure the premises upon the real property above described against loss or damage by fire, lightning, earthquake, windstorm or other casualty, however, Lessor is not compelled to do so. In the event the premises are damaged by a peril for which insurance is applicable, then the proceeds of said policy shall be paid exclusively to Lessee, and Lessee, at Lessee's option, may utilize said proceeds to rebuild or repair the

damaged premises at Lessee's sole option. Lessee additionally may insure its personal property. The Lessor may likewise insure any personal property owned by Lessor and located on the subject premises, but Lessee shall have no liability to Lessor whatsoever for any damage to Lessor's personal property. Both Lessee and Lessor shall maintain premises liability insurance.

RIGHT OF FIRST REFUSAL LIBER 0141 PAGE 202

The Lessor grants to Lessee a right of first refusal whereby in the event Lessor should elect to sell the subject property, it shall first offer said property to the Lessee. In the event the Lessee does not elect to purchase within thirty days of the receipt of the written offer from Lessor, then Lessor shall be free to sell the described real property on exactly the same terms and conditions as offered to the County. If said property is not sold within one year after the expiration of the County's thirty day right to purchase, then Lessor agrees to again offer same to the County as described in this paragraph.

END OF TERM

On the last day of the term of this lease, or earlier termination thereof, Lessee shall peaceably surrender the leased premises to the Lessor. It is specifically agreed that Lessee may elect to terminate this lease and surrender the premises to the Lessor at any time during the term of this lease.

IN TESTIMONY WHEREOF, witness our signatures to duplicate originals this the day and date first hereinabove written.

FIRST PARTY:

BEECH GROVE WATER SYSTEMS, INC.

DAVID M. SCOTT
By David M. Scott, President

ATTEST:

Perry L. Jones
Perry Jones, Secretary

SECOND PARTY:

MCLEAN COUNTY, KENTUCKY



By: Larry Whitaker, Judge-Exec.

ATTEST:


Linda Johnson, Clerk

STATE OF KENTUCKY

COUNTY OF MCLEAN

SCT....

The foregoing instrument was acknowledged and sworn to before me by David Scott as President, and Gerry Jones as Secretary, known to me to hold said offices, for and on behalf of Beech Grove Water System, Inc., to be their free act and deed, on this the 5th day of March, 1998.


Notary Public, State at Large
My Commission Expires: 3-12-98

STATE OF KENTUCKY

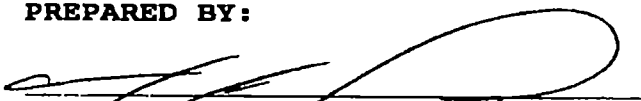
COUNTY OF MCLEAN

SCT....

The foregoing instrument was acknowledged and sworn to before me by Larry Whitaker, Judge Executive, and Linda Johnson, Clerk, known to me to hold said offices, for and on behalf of McLean County, Kentucky, to be their free act and deed, on this the 19th day of November, 1997.


Notary Public, State at Large
My Commission Expires: 7-1-2001

PREPARED BY:


W. E. QUISENBERRY, JR., ATTORNEY
CALHOUN, KENTUCKY 42327