

DORSEY, GRAY, NORMENT & HOPGOOD

ATTORNEYS-AT-LAW

318 SECOND STREET

HENDERSON, KENTUCKY 42420

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

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

November 7, 2017

RECEIVED

NOV 09 2017

**PUBLIC SERVICE
COMMISSION**

Ms. Gwen R. Pinson
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

Re: Beech Grove Water System, Inc.
Case No. 2016-00255

Dear Ms. Pinson:

Enclosed for filing is a copy of March 20, 2017, Promissory Note, Loan and Security Agreement from Beech Grove Water System, Inc, to National Rural Water Association.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, GRAY, NORMENT & HOPGOOD

By


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

JCH/cds
Encls.

RECEIVED

NOV 09 2017

PUBLIC SERVICE
COMMISSION

**PROMISSORY NOTE, LOAN AND
SECURITY AGREEMENT**

FOR VALUE RECEIVED, Beech Grove Water System, Inc. (hereinafter called the Borrower) promises to pay the National Rural Water Association (NRWA), an Oklahoma corporation (hereinafter called the Lender) address, 2915 South 13th Street, Duncan, Oklahoma 73533, the principal sum of \$100,000.00 with interest thereon at a rate equal to 3.00% payable as follows:

Commencing on May 1, 2017 and thereafter on the 1st day of each month, the Borrower agrees to pay to the Lender \$965.61 in monthly principal and interest payments. The total loan principal plus accrued interest will be due and payable at the end of ten years.

This note may be prepaid, in whole or in part, at any time without penalty or premium, plus accrued interest to the prepayment date.

Any sum not paid within 15 days of the due date shall be assessed a fee of \$25.00 plus bear interest at a rate equal to 6.375% per annum and any additional interest which has accrued shall be paid at the time of and as a condition precedent to curing any default. During the existence of any such default, the Lender may apply payments received on any amount due hereunder or under the terms of any instrument now or hereafter evidencing or securing any said indebtedness as the Lender may determine. In addition, any returned checks for insufficient funds shall be assessed a \$25.00 collection fee.

Upon default in any of the terms or conditions of this Note at the option of the holder hereof the entire indebtedness hereby evidenced shall become due, payable and collectible then or thereafter as the holder may elect, regardless of the date of maturity hereof. Written notice of the exercise of such option shall be given to the Borrower by the Lender.

The Borrower agrees that if, and as often as this Note is placed in the hands of an attorney for collection or to defend or enforce any of the Lender's rights hereunder, the Borrower will pay to the Lender hereof its reasonable attorney's fees, together with all court costs and other expenses paid by the Lender.

The Borrower, endorsers, sureties, guarantors and all other persons who may become liable for all or any part of this obligation shall be entitled to presentment for payment, protest and notice of nonpayment as set forth herein.

The Borrower agrees to maintain appropriate Employee Fidelity Bond coverage also known as a Dishonesty Bond, throughout the term of the loan. Upon request by the Lender the Borrower will provide the Lender with a copy of the Employee Fidelity Bond.

LENDING AGREEMENT

Subject to the terms hereinafter set forth, Lender agrees to lend to Borrower, and the Borrower agrees to borrow from the Lender, a sum of \$100,000.00 to be used by the Borrower for the purpose of paying costs and expenses necessary to fulfill the intended purpose of the loan according to the loan application as approved. The Lender will give the Borrower 30 days notice if said sum cannot be advanced.

The Borrower will provide periodic annual financial statements upon request by the Lender which fully and accurately present the financial condition of the Borrower. Requested financial statements will be provided to the Lender in a timely manner.

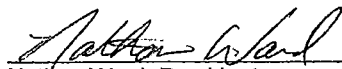
SECURITY AGREEMENT

To secure this obligation, Borrower grants to the Lender a secured interest in the assets of the Beech Grove Water System, Inc. in the amount of the principal amount owed.

The payment record of the Lender of this Note shall be prima facie evidence for the amount owing on this Note.

IN WITNESS WHEREOF, Beech Grove Water System, Inc. has executed this instrument as of the

20 Day of March, 2017.



Nathan Ward, President
Beech Grove Water System, Inc.
Authorized Representative