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WARRANTY DEED

WHEREAS, H. C. Bailey Company did acquire by assignment, deed, bill of sale and agreement, all right, title and interest in and to the respective one-third (1/3) interest of Arthur E. Huggins, A. V. Shannon and Bob Gray, in that certain partnership known as DeSoto Utilities Company; and

WHEREAS, there is attached hereto as composite Exhibit "A", the deeds, assignments and other documents showing such assignment, sale and transfer; and

WHEREAS, H. C. Bailey Company did on the 1st day of February, 1981, sell, convey and deliver to DeSoto Utility Company, a Mississippi corporation, all of its right, title and interest to the property sold, assigned and transferred to it by the aforementioned three partners of DeSoto Utilities Company as shown by Exhibit "B" hereto; and

WHEREAS, the real property affected by the documents appearing as Exhibit "A" hereto, and conveyed by this Warranty Deed are described in Exhibit "C" hereto.

WHEREAS, the purpose of this conveyance is to fully vest in DeSoto Utility Company any and all right, title and interest in all properties acquired, owned and held by H. C. Bailey Company pursuant to composite Exhibit "A".

FOR AND IN CONSIDERATION OF Ten Dollars ($10.00) and other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged, H. C. BAILEY COMPANY, a Mississippi corporation whose address is Post Office Box 2399, Jackson, Mississippi 39225-2399, and whose business telephone number is 601-969-1700, acting by and through its duly authorized and empowered officer, does hereby sell, convey and warrant unto DESOTO UTILITY COMPANY, a Mississippi corporation, whose address is Post Office Box 2399, Jackson, Mississippi, 39225-2399, and whose business

telephone number is 601-969-1700, all of its right, title and interest in and to the property described in composite Exhibit "A" hereto.

WITNESS THE SIGNATURE OF THE GRANTOR this the 8th day of September, 1987.

H. C. BAILEY COMPANY

BY: Paul J. Salvo
PAUL J. SALVO
VICE PRESIDENT

STATE OF MISSISSIPPI

COUNTY OF HINDS

PERSONALLY appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named PAUL J. SALVO, who being first duly sworn stated that he is Vice President of H. C. BAILEY COMPANY, and that he signed the above Warranty Deed on behalf of the corporation on the day and year therein mentioned as its official act and deed, he being first duly authorized to do so.

SWORN TO AND SUBSCRIBED BEFORE ME, this 8th day of September, 1987.

Karen E. Kennedy
Notary Public

My commission expires: My Commission Expires March 12, 1988

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BILL OF SALE, DEED, AND CONVEYANCE

For and in consideration of Thirty-three thousand, three hundred thirty-three and 33/100 Dollars ($33,333.33) cash paid simultaneously with the execution hereof receipt of which is hereby acknowledged; the note of H. C. BAILEY COMPANY (hereinafter "BAILEY") for Sixty-six thousand, six hundred sixty-six and 67/100 Dollars ($66,666.67) payable in seven equal annual payments of principal plus accrued interest at the rate of five percent (5%) per annum from date of the unpaid balance all payable on the anniversary date hereof; the agreement by BAILEY to promptly obtain the dismissal with prejudice of the undersigned ARTHUR E. HUGGINS as a defendant in that certain suit being cause #10860 on the docket of the Circuit Court of DeSoto County, Mississippi; and in further consideration of the assumption and agreement of BAILEY to pay as and when due each and every liability and obligation of DeSoto Utilities, A Partnership, incurred by it in the ordinary course of its business and reflected on its books and records the undersigned ARTHUR E. HUGGINS does hereby set over, sell, assign, deliver and convey and does further warrant clear title to BAILEY of his entire right, title, and interest (being no less than one third (1/3) thereof) in each and every asset of the utility system known as DeSoto Utilities and operated by DeSoto Utilities, A Partnership, originally existing between the undersigned, A. V. Shannon, and Bob Gray, and more recently existing between ARTHUR E. HUGGINS and BAILEY, said assets including but not being limited to cash, accounts receivable, easements, real estate situated in DeSoto County, Mississippi, wells, tanks, pumps, pipes, fireplugs, mains, lines, treatment plant, vehicles, and various and sundry maintenance and construction equipment, certificates of public convenience and necessity, and tools and related items, free and clear of all liens and encum-rances of any kind or nature. The undersigned ARTHUR E. HUGGINS does hereby for the consideration herein above expressed convey to BAILEY his one-third (1/3) interest in said partnership.

Upon preparation and submission to him ARTHUR E. HUGGINS agrees and covenants that without payment of further and additional consideration to him

EXHIBIT A

that he will execute any and all other instruments or conveyances, whether deeds, bills of sale, assignments, or otherwise to effectively convey and warrant title to BAILEY of any other assets of DeSoto Utilities.

Witness my signature hereto this the 27th day of July, 1979.

ARTHUR E. HUGGINS

STATE OF MISSISSIPPI

COUNTY OF DESOTO

Personally appeared before me, the undersigned authority in and for the county and state aforesaid, ARTHUR E. HUGGINS, who acknowledged to me that he signed and delivered the above and foregoing Bill of Sale, Deed, and Conveyance on the date therein shown.

Given under my hand and seal of office, this the 27th day of July, 1979.

NOTARY PUBLIC

(SEAL)

AGREEMENT TO CONVEYANCE

FOR AND IN CONSIDERATION of the agreement of the grantee to make certain future payments as hereinafter set forth, I, the undersigned, K. V. SHANNON, do hereby convey and warrant clear title to BAILEY MORTGAGE COMPANY, the grantee, of my one-third undivided interest in and to each and every asset of DeSoto Utilities, including but not limited to all cash, easements, real estate, tanks, pumps, trucks, pipes, fireplugs, mains, lines, certificates of public convenience and necessity, accounts receivable, tools and equipment of every kind and nature, free and clear of all liens and encumbrances of any kind or nature.

Bailey Mortgage Company, the grantee, agrees that it:

1. Shall maintain adequate records of the operation of said utility system, all receipts therefrom, expenditures thereby and capital contributions made thereto by whatever means.

2. Grantee shall be free to acquire other interest in said utility system or interests in neighboring utility systems and to convey all acquired by it to a corporation and take stock therefor. Grantee shall be free to merge such corporation with other corporations in the utility business, preserving at all times, however, sufficient records to trace and identify the 1/3 undivided interest in the present system acquired from Shannon hereby in such resulting enlarged system or corporate entity (hereinafter referred to as the "Shannon Unit").

3. In the event the Shannon Unit, or system, or the stock resulting therefrom of which it has become a part is sold by grantee, grantee shall be reimbursed from that portion of the sales price attributable to the Shannon Unit sales price an amount equal to (1) 1/3 of all tap fees received by the utility system from property in the area

EXHIBIT "A"

[illegible] certificated to the utility system from financing [illegible] Public Service Commission, and (2) 1/3 of all amounts which may have been advanced to it for the benefit of the system in the presently certificated area by grantee for operating deficits or required capital improvements.

A calculation shall then be made as to what part of the remainder of the sales price is attributable to the "Shannon Unit". From that part Shannon shall be paid the first $100,000 and 50% of all in excess thereof.

4. In the event the system is sold in whole or in part for notes, Shannon shall be assigned his proportionate share therein in accordance with the above formula without guaranty of the payment thereof by Grantee.

5. In the event the system is not sold before June 30, 1980, grantee shall, within thirty (30) days thereafter either pay to Shannon $75,000 cash, reconvey to him ~~1/2~~ and)his 1/3 interest) CH ~~of~~ the Shannon Unit, ~~or of the stock resulting~~ therefrom.

Upon preparation of and submission to him, Shannon agrees to execute all other instruments of conveyance, whether deeds, bills of sale or otherwise, to effectively convey and warrant title to grantee of the assets of Desoto Utilities, as soon as the same can be prepared by grantee's attorney.

WITNESS MY SIGNATURE hereto, this the 9th day of November ~~June~~, 1976.

A. V. SHANNON

STATE OF MISSISSIPPI

COUNTY OF Hinds

Personally appeared before me, the undersigned authority in and for the county and state aforesaid, A. V. Shannon, who acknowledged to me that he signed and delivered the above and foregoing Agreement and Conveyance on the date therein shown.

Given under my hand and seal of office, this the 9th day of November ~~June~~, 1976.

Notary Public

My Commission Expires: My Commission Expires Feb. 22, 1

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ASSIGNMENT

FOR AND IN CONSIDERATION of Ten Dollars, ($10.00), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned First National Bank of Hernando, (formerly First National Bank of Southaven, Mississippi), does hereby:

1. Set over, sell, assign, and deliver and convey, without recourse however, unto H. C. Bailey Company that certain promissory note dated July 9, 1974 in the original principal amount of $150,000.00 personally endorsed by Bob Gray, payable on demand, and if no demand ninety (90) days after date drawing interest from date at the rate of twelve percent (12%) per annum the interest on which has been paid through the 19th day of September, 1978 and the unpaid principal balance on which is no less than $25,945.30.

2. Assign and convey all of its right, title and interest in and to that certain assignment of partnership interest of Bob Gray to First National Bank, Southaven, Mississippi, dated July 9, 1974, the original of which is filed of record in Book 43, Page 163, of the records of Power of Attorney and Contracts in the office of the Chancery Clerk of DeSoto County, Mississippi.

3. Acknowledge that it has no further lien or claim of any kind or nature following the execution of this assignment on any assets of DeSoto Utilities Company or Bob Gray, individually, except as hereinafter provided, or doing business as DeSoto Utilities Company in any assets of DeSoto Utilities Company whether said assets be real or personal property and does hereby covenant that it will, upon request and designation, execute appropriate cancellations of any deeds of trust, assignments, security agreements, financing statements or security documents of any kind or nature in its favor on said assets save only the aforesaid assignment of partnership interest which is hereby assigned to H.C. Bailey Company and loan numbers 01-015-08226 and 01-015-08908, secured only by1978 Ford F15 PK. Truck, I.D. # F15HUBA4141, and one 1978 Dodge D150, PK Truck, I.D. # D14BE8S324515, respectively.

WITNESS my signature, this the 6th day of December, 1978.

FIRST NATIONAL BANK

BY: Jack W. Ussery
JACK W. USSERY, President

STATE OF MISSISSIPPI
COUNTY OF DESOTO

This day personally appeared before me, the undersigned authority in and for said county and state aforesaid, the within named Jack W. Ussery, who acknowledged that he as President of First National Bank of Hernando, Mississippi, signed and delivered the above and foregoing Assignment, being thereunto first authorized so to do.

Given under my hand and official seal of office this the 6th day of December, 1978.

Linda J. Ray
NOTARY PUBLIC

LINDA J. RAY NOTARY PUBLIC DESOTO CO. MISS.

My Commission Expires:
11-24-79

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ASSIGNMENT OF PARTNERSHIP INTEREST

Know by all men by these presents that I, the undersigned, Bob Gray, for and in consideration of First National Bank, Southaven, Mississippi, making a loan in the amount of $150,000.00 to Castle Builders, Inc., a Mississippi Corporation of which I am sole stockholder, to be evidenced by a promissory note dated July 9, 1974 bearing interest at the rate of 12% and payable on demand & if no demand 10/7/74 and in order to secure the payment of said note or any extension or renewal thereof, I do hereby sell, assign, transfer and set over all of my one-third partnership interest in and to the partnership composed of Bob Gray, Arthur E. Huggins, and A. V. Shannon as partners in the firm name of which is DeSoto Utility Company, together with all my rights as a partner which may be exercised by First National Bank of Southaven, either in my name or its own name in the event of default, it being the purpose and intent of this agreement to set over to said First National Bank of Southaven any and all distributive shares which I may become entitled to as a partner arising out of the sale or transfer of DeSoto Utility Company or any asset thereof.

In Witness Whereof I have hereunto subscribed my name this 9th day of July, 1974.

Bob Gray

Bob Gray

We, as the two co-partners in the co-partnership composed of Bob Gray and ourselves, the firm name of which partnership is DeSoto Utility Company, have and do hereby consent and agree to the foregoing assignment executed by Bob Gray assigning his partnership interest to First National Bank of Southaven, to secure the loan therein mentioned, and we further agree that in the event of default First National Bank of Southaven shall acquire all of the said Bob Gray's partnership interest in the said partnership by virture of said assignment, the said First National Bank of Southaven acquiring and being entitled to exercise all of the rights as a partner which the said Bob Gray had prior to default.

Witness our signatures this the 9th day of July, 1974.

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BILL OF SALE, DEED AND CONVEYANCE

FOR AND IN CONSIDERATION of the issuance of all of the authorized stock of DESOTO UTILITY COMPANY, hereinafter referred to as DESOTO, a Mississippi corporation, H. C. BAILEY COMPANY, hereinafter BAILEY, does hereby setover, sell, assign, transfer, deliver, and convey to DESOTO all of the assets of the water and sewer public utility systems owned by Bailey in DeSoto County Mississippi, generally referred to as DeSoto Utilities, said assets including but not being limited to cash, accounts receivable, easements and right of ways, real estate situated in DeSoto County, Mississippi, all of the items appearing on Exhibit A hereto, and any other wells, tanks, pumps, pipes, fire plugs, mains, lines, treatment plants, vehicles, various and sundry main-tenance and construction equipment, Certificate of Public Convenience and Necessity, contract rights, and tools and related items, free and clear of all liens and encumberances of any kind or nature. It is the intent of DeSoto and Bailey that this transfer be a tax-free exchange pursuant to ¢351 Internal Revenue Code of 1954, as amended. The execution of this conveyance and the property rights conveyed and transferred hereby have been approved by the Mississippi Public Service Commission by its orders dated January 16, 1981, in Cause Numbers U-3955 and U-3956.

This the 1st day of February, 1981.

H. C. BAILEY COMPANY

By: H C Bailey Jr

President

EXHIBIT B

STATE OF MISSISSIPPI

COUNTY OF HINDS

Personally came and appeared before me the undersigned authority in and for this jurisidiction aforesaid, H. C. Bailey, Jr., the President of H. C. Bailey Company, who acknowledged to me that for and on behalf of said corporation he signed and delivered the foregoing Bill of Sale, Deed and Conveyance, he first being duly authorized to do so.

Given under my hand and official seal, this the 1st day of February, 1981.

Patricia C. McMullan
Notary Public

My Commission Expires: My Commission Expires Oct. 9, 1983

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PARCEL I: Lot 335, Section E, Twin Lake Subdivision, in Section 6, Township 2 South, Range 8 West, DeSoto County, Mississippi, as shown by plat appearing of record in Plat Book 12, Pages 18-20, in the office of the Chancery Clerk of DeSoto County, Mississippi.

PARCEL II: The East 105 feet of Lot 11, Section A, Hoytte Austin Lake Subdivision, in Section 6, Township 2 South, Range 8 West, DeSoto County, Mississippi, as shown by the plat appearing of record in Plat Book 3, Pages 8-10, in the office of the Chancery Clerk of DeSoto County, Mississippi.

PARCEL III: Lots 62, 63 and 64, Section A, Holly Hills Subdivision, in Section 30, Township 1 South, Range 8 West, DeSoto County, Mississippi, as shown by plat appearing of record in Plat Book 10, Pages 34-35, in the office of the Chancery Clerk of DeSoto County, Mississippi.

PARCEL IV: Beginning at the Northwest corner of the Southwest Quarter of Section 30, Township 1 South, Range 8 West, DeSoto County, Mississippi; proceed thence East 67.13 feet to the point of beginning; thence continue East 607.64 feet to the Northwest corner of Lot 76, Holly Hills Subdivision, Section A; thence run South 45 degrees 13' 08" West a distance of 411.71 feet to the Northeast corner of Lot 81, Holly Hills Subdivision, Section A; thence run South 59 degrees 02' 16" West a distance of 263.76 feet to the Northeast corner of Lot 85, Holly Hills Subdivision, Section A; thence run a distance of 90.0 feet to a point on the East R.O.W. of Miss. State Hwy. 301; thence run North along the said East R.O.W. of Miss. State Hwy. 301 a distance of 424.80 feet to the point of beginning.

PARCEL V: Beginning at a point on the South R.O.W. of Caroline Drive also being on the West line of Twin Lakes Subdivision, Section D; thence run South 10 degrees 01' 30" West a distance of 10.0 feet to a point; thence run North 79 degrees 58' 30" West a distance of 80.00 feet to the Northeast corner of Lot 66 of Hoytte Austin Lake Subdivision, Section A, Section 6, Township 2 South, Range 8 West; DeSoto County, Mississippi; thence run South 1 degree 01' 30" West along the East line of said Lot 66 a distance of 140.00 feet to a point on the South line of the North half of said Section 6; thence run South 89 degrees 59' 30" East along the said South line of the North half of said Section 6 a distance of 747.75 feet to a point on the West R.O.W. of Caroline Drive North; thence run North 0 degrees 00' 30" East along the said West R.O.W. of Caroline Drive North a distance of 112.50 feet to a point; thence run 31.42 feet along a curve of 90 degrees with a radius of 20.0 feet to a point on the South R.O.W. of Caroline Drive; thence run North 89 degrees 59' 30" West along the said South R.O.W. of Caroline Drive a distance of 610.0 feet to the point of beginning.

Filed @ 4:30p M. 9 Sept. 1987
Recorded in book 198 Page 488
H. G. Ferguson, Chancery Clerk

EXHIBIT C