



Fifth Third Bank

05-00105

LETTER OF CREDIT NO. CIS404984

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ISSUING BANK:
FIFTH THIRD BANK, N.A. (TENNESSEE)

BENEFICIARY:
TENNESSEE REGULATORY AUTHORITY
460 JAMES ROBERTSON PARKWAY
NASHVILLE, TN 37243-0505

APPLICANT:
TENNESSEE WASTEWATER SYSTEMS, INC.
7638 RIVER ROAD PIKE
NASHVILLE, TN 37209

LETTER OF CREDIT NO. CIS404984

ISSUE DATE: MARCH 31, 2006

EXPIRATION DATE: MARCH 31, 2007

EXPIRATION PLACE: AT OUR COUNTERS

AMOUNT: 366,538.00 USD THREE HUNDRED SIXTY SIX THOUSAND FIVE HUNDRED THIRTY EIGHT 00/100

YOU HAVE REQUESTED OF FIFTH THIRD BANK (THE "LENDER") THAT WE ESTABLISH AN IRREVOCABLE LETTER OF CREDIT WHICH WILL REMAIN AVAILABLE ON BEHALF OF TENNESSEE WASTEWATER SYSTEMS, INC. (THE "COMPANY") WHO HAS APPLIED TO THE TENNESSEE REGULATORY AUTHORITY (THE "TRA") FOR AUTHORITY TO PROVIDE PUBLIC WASTEWATER SERVICES IN THE STATE OF TENNESSEE. THE PURPOSE OF THIS LETTER OF CREDIT IS TO SECURE PAYMENT OF ANY MONETARY SANCTION IMPOSED AGAINST THE COMPANY, ITS REPRESENTATIVES, SUCCESSORS OR ASSIGNS, IN ANY CONTESTED CASE PROCEEDING BROUGHT UNDER TENN. COMP. R & REGS. CHAPTER 1220-4-13 BY OR ON BEHALF OF THE AUTHORITY.

WE HEREBY ESTABLISH AND ISSUE, IN FAVOR OF THE AUTHORITY, AN IRREVOCABLE LETTER OF CREDIT IN THE AMOUNT OF THREE HUNDRED SIXTY SIX THOUSAND FIVE HUNDRED THIRTY EIGHT DOLLARS AND 00/100 DOLLARS (\$366,538.00) LAWFUL MONEY OF THE UNITED STATES OF AMERICA. UPON ENTRY OF AN ORDER THAT FINDS A MONETARY OBLIGATION PURSUANT TO CHAPTER 1220-4-13, THE AUTHORITY MAY DRAW UPON THIS LETTER OF CREDIT, AT ANY TIME AND FROM TIME TO TIME, BY DELIVERING A LETTER OF CREDIT NOTICE, SUBSTANTIALLY IN THE FORM SET FORTH BELOW (A "NOTICE"), WHICH NOTICE SHALL SPECIFY THE AMOUNT (THE "DRAW AMOUNT") TO BE DRAWN AND THE BANK ACCOUNT (THE "BANK ACCOUNT") TO

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WHICH THE DRAW AMOUNT SHOULD BE DELIVERED AND SHALL BE SIGNED BY AN OFFICIAL DESIGNATED AND DULY AUTHORIZED BY THE AUTHORITY, TO LENDER AT THE ADDRESS LISTED BELOW, OR TO SUCH OTHER ADDRESS AS THE LENDER SHALL NOTIFY THE AUTHORITY IN WRITING BY CERTIFIED MAIL. PROMPTLY AFTER THE DELIVERY OF EACH NOTICE, THE LENDER HEREBY COVENANTS AND AGREES TO DELIVER, BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS, THE DRAW AMOUNT TO THE BANK ACCOUNT

THIS LETTER OF CREDIT SHALL BE DEEMED AUTOMATICALLY RENEWED WITHOUT AMENDMENT FOR SUCCESSIVE ONE-YEAR PERIODS AND MAY BE CANCELED BY THE LENDER BY GIVING THIRTY (30) DAYS ADVANCED WRITTEN NOTICE BY CERTIFIED MAIL OF SUCH CANCELLATION TO THE AUTHORITY AND THE COMPANY, IT BEING UNDERSTOOD THAT THE LENDER SHALL NOT BE RELIEVED OF LIABILITY THAT MAY HAVE ACCRUED UNDER THIS LETTER OF CREDIT PRIOR TO THE DATE OF CANCELLATION, UP TO THE EXPIRATION DATE OF THIS LETTER OF CREDIT.

FAILURE TO RENEW THIS LETTER OF CREDIT SHALL ALLOW THE AUTHORITY TO DRAW UPON IT WITHOUT THE NECESSITY OF THE AUTHORITY BEING REQUIRED TO HOLD A HEARING CONCERNING THE PRINCIPAL'S OPERATION OR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY. IN SUCH AN EVENT AND UPON A DIRECTIVE FROM THE AUTHORITY, THE LENDER HEREBY COVENANTS AND AGREES TO DELIVER BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS THE MAXIMUM SUM OF THIS LETTER OF CREDIT TO THE BANK ACCOUNT TO ENABLE THE CONTINUED OPERATION OF THE PUBLIC WASTEWATER UTILITY.

THE LENDER HEREBY REPRESENTS AND WARRANTS THAT IT IS QUALIFIED AND AUTHORIZED TO ISSUE THIS LETTER OF CREDIT AND IS A BANK DESIGNATED BY THE TREASURER OF THE STATE OF TENNESSEE AS AN AUTHORIZED DEPOSITORY BANK FOR THE DEPOSIT OF STATE FUNDS.

WE ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE HONORED IF NEGOTIATED OR PRESENTED DURING BUSINESS HOURS ON OR BEFORE THE EXPIRATION DATE AT FIFTH THIRD BANK, INTERNATIONAL TRADE SERVICE, 38 FOUNTAIN SQUARE, MD 10903C, CINCINNATI, OHIO 45263.

EXCEPT AS OTHERWISE EXPRESSLY STATED, THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDIT (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.


AUTHORIZED SIGNATURE
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