

Evergreene Utility Services, LLC

Engineers, Consultants & Contractors

October 25, 2010

filed electronically in docket office on 03/29/11

David Foster
Chief, Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

SUBJECT: Docket No. 10-00206 - Response to Data Request
PROJECT: Timberlake Bay Waste Water Treatment System

Dear Mr. Foster,

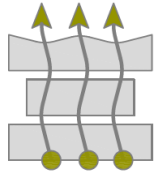
Per your data requested dated January 7, 2011, *Evergreene Utility Service, L.L.C. (EUS)* submits the attached information.

We look forward to working with you and the rest of the team in moving this approval forward. Let me know if you require additional information.

Sincerely,

Douglas S. Hodge, Ph.D., PMP
Manager

Evergreene Utility Services, LLC
4028 Taliluna Avenue
Knoxville, TN 37919
Operations Manager
865-755-8066
Hodge.EUS@gmail.com



Evergreene Utility Services, LLC

Engineers, Consultants & Contractors

Request 1:

- Please see attachment #4 of the revised CCN application package that includes the additional information requested.

Request 2:

- Please see attachment #13 of the revised CCN application package that includes the additional information requested.

Request 3:

- Please see attachment #3 of the revised CCN application package that includes a second letter from ESCUD agreeing to the release of the system to EUS.

Request 4:

- After further review of the anticipated operating expenses, we have modified our proposed residential rate to \$49.42. Modifications have been made to the appropriate sections in the revised CCN packaged (attached).

Request 5:

- The CCN application has been amended to remove the discrepancy.

Request 6:

- Our modified CCN submittal packaged includes commercial rates (structure) consistent with other commercial rate structures TRA has approved for other utilities (attached). EUS plans to readdress the rate structure based on “actual” incurred costs.

Request 7:

- The commercial escrow rate is the same as the residential escrow rate in the modified CCN package. The escrow rate backup sheets for the residential and commercial are combined in attachment 10.

Request 8:

- The design capacity of the permitted system is 0.569 MGD. We anticipate it to take approximately 10 years to reach operational levels.

Request 9:

- Current financial statements for EUS are attached to this letter response.

Request 10:

- The utility does not currently have any salaried or hourly employees.

Request 11:

- | | |
|----------------|-------------------|
| • Roger Goins: | Contract employee |
| • Pete Dayton: | Contract employee |
| • Mike Johnson | Contract employee |
| • Herb Norton | Contract employee |
| • Bert Ballowe | Contract employee |

- See attachments for copies of contracts.

Request 12:

- Attached is correspondence from Foothills Title documenting that \$43,605 is currently being held in their escrow account. Attached is a copy of the contract between EUS and the developer.

Request 13:

- Attached are response letters from the local utilities outlined in your data request. Some of the utilities did not respond to the request.

Request 14:

- Environmental Technology is a company owned and operated by Herb Norton, our certified plant operator. Per the attached contract, he will provide weekly operations, identify maintenance issues, and conducted required sampling and analysis, and submit required reports.

Request 15:

- See response to request #14.

Request 16:

- The term “client” in the contract between EUS and Environmental Technologies is EUS.

Request 17:

- The backup estimating assumptions are included with the five year statement (revised). In addition, attached are copies of the last 3 months service charges for the WWTP. Rates used in the five year statement were derived from the current rates charged by the local utility.

Request 18:

- Herb Norton with Environmental Technology is the certified plant operator and will perform activities as outlined in Request #14 above. The maintenance operator activities will be dependent on operational and maintenance issues that are identified by the Plant Operator from month to month. This will include but not limited to servicing pumps, tanks, level switches, etc., and performing routine flushing and cleaning activities. We have not finalized the selection of this individual(s) but will to so after the CCN has been authorized.

Request 19:

- We have modified the bonding calculation. The new bonding estimate per individual customer for 2011 is estimated to be \$11.11 per month. This is calculated as follows:
 - \$400 annual bond fee
 - 3 resident/commercial property owners
 - Therefore monthly rate = $\$400/3/12 = \11.11
 - This rate drops every year based on the number of resident/commercial property owners.

Request 20:

- To Date:
 - Residential Lots Sold = 63.
 - Commercial Lot = 1.
 - Homes constructed = 1.

- Clubhouse/Pool constructed = 1.
- 1 additional home under construction.
- 1 residential and 1 commercial customer are presently being billed by ESCUD.

Request 21:

- Reference to Aqua Green has been removed.

Revised Attachment #4

Revised Attachment #13

Revised Attachment #3

Evergreene Utility Services

Current Financial Statements

Subcontract Agreements

Tap Fee Backup Information

Local Utilities in the Timberlake Bay Area

(No intent to provide service)

Tariff from Local Electrical Utility

Proposed Commercial Rate Structure

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

September 9, 2010

IN RE:

PETITION OF EVERGREENE UTILITY SERVICES, LLC TO OBTAIN
A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR
THE SERVICE OF THE PART OF JEFFERSON COUNTY, TENNESSEE
KNOWN AS TIMBERLAKE BAY

DOCKET NO. 10-00206

Respectively Submitted,



Douglas S. Hodge, Ph.D., PMP
Evergreene Utility Services, LLC
Operations Manager
4028 Taliluna Avenue
Knoxville, TN 37919
865-755-8066

TITLE PAGE

REGULATION AND SCHEDULE OF CHARGES GOVERNING THE PROVISION OF WASTEWATER UTILITY SERVICE TO RESIDENCES AND BUSINESSES WITHIN THE STATE OF TENNESSEE

This tariff contains the descriptions, regulation and rates applicable to the furnishing of wastewater utility service provided by Evergreene Utility Services, LLC within the State of Tennessee. This tariff is on file with the Tennessee Regulatory Authority. Copies may be inspected during normal business hours at the Company's principal place of business at **4028 Taliluna Avenue, Knoxville, TN 37919**.

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SYMBOLS

The following symbols are used for the purposes indicated below:

C	Changed regulations or rate structure
D	Discontinued material
I	An increased rate
M	A move in the location of text
N	A new rate or regulation
R	A reduced rate
S	Reissued material
T	Change in text but no change in rate or regulation

TARIFF FORMAT

A. Sheet numbering –Sheet numbers appear in the upper right corner of the sheet. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 12 and 13 would be 12.1.

B. Sheet Revision Numbers –Revision numbers also appear in the upper right corner of each sheet. These numbers are used to determine the most current sheet version on file with the TRA. For example, the 4th revised Sheet 12 cancels the 3rd revised Sheet 12. Because of various suspension periods, deferrals, etc., that the TRA follows in its tariff approval process, the most current sheet number on file with the TRA is not always the sheet in effect. Consult the Check Sheet for the sheet currently in effect.

C. Paragraph Numbering Sequence –There are nine levels of paragraph coding. Each level of coding is subservient to the next higher level:

2.
2.1
2.1.1
2.1.1.A
2.1.1.A.1
2.1.1.A.1.(a)
2.1.1.A.1.(a).1
2.1.1.A.1.(a).1.(i)
2.1.1.A.1.(a).1.(i).(1)

D. Check Sheets –When a tariff filing is made with the TRA, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross-reference to the current revision number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be now other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some sheets.) The tariff user should refer to the latest Check Sheet to find out if a particular sheet is the most current on file with the TRA.

DEFINITIONS

Certain terms used generally throughout this tariff for the Utility Service of this Company are defined below:

1. Company — Evergreene Utility Services, LLC
2. Engineer—the consulting engineer of Evergreene Utility Services, LLC
3. Customer — any person, firm, corporation, association or government unit furnished sewage by the Company.
4. Residential Property — property that is an established residence for a single family that is intended solely for the family's use.
5. Commercial Property — property that is used for commercial, overnight rental or institutional purposes.
6. Facilities — all equipment owned and operated by the Company.
7. TRA — the Tennessee Regulatory Authority.
8. Septic Pump Tank — the tank located near a customer's building which accepts waste and contains a pump vault.
9. Septic Gravity Tank — the septic tank located near a customer's building which accepts waste and contains an effluent filter.
10. Service Line — the line from the Septic Pump/Septic Gravity Tank to a Collector Line.
11. Collector Line —the line from the Service Line to the Main Line.
12. Main Line —the line from the Collector Line to the treatment facility.
13. Building Outfall Line — the customer owned line that carries waste from the building to the Septic Pump Tanks/Septic Gravity Tank.
14. Pumping Station — a tank that contains pumps and receives effluent from Septic Gravity Tanks and/or Collector Lines.
15. Premises — shall mean customer's private property.
16. Service Connection — the point at which the service line to the wastewater system components at the customer's building is connected to the main wastewater collection system.

SECTION 2

RULES AND REGULATIONS

Governing the sewage collection and treatment systems of Evergreene Utility Services (EUS)

Statement of Purpose

The general purpose of these rules and regulations is:

1. To establish procedures for furnishing sewage collection and treatment services on a uniform basis to customers within the Company's service area.
2. To provide standards and procedures for:
3. Acceptable sewage characteristics
4. Protection of the integrity of the water tight system
5. Engineering design standards
6. Construction standards and inspection requirements
7. Quality of materials

Authorization of Rules and Regulations

Evergreene Utility Services, LLC is a corporation organized and engaged in business as a public utility in the State of Tennessee. The Company is regulated Under a Certificate of Convenience and Necessity issued the Tennessee Public Service Commission (PSC) on ?, under Docket No. 10-00206, and subsequent certificates issued by the PSC and the TRA.

Effect of Rules and Regulations

All provisions of these rules and regulations shall be incorporated in each contract with each sewage system customer of the Company

Utility Facilities on Private Property

The Company shall maintain all septic pump and septic gravity tanks, control systems and service lines required to provide sewer services on the Customer's premises. The Customer must execute an agreement that acknowledges the Company to have a perpetual easement in, over, under and upon the specified land of Customer as shown on the property plat, with the right to operate and repair all components of the sewer system on the Customer's property, including but not limited to the septic tank and septic pump tank systems. The Customer must grant the Company permission to enter upon Customer's property for any reason connected with the provision or removal of sewer service or collection therefore. The Customer must agree to allow the Company to install an approved cut off valve between the house and water supply and grant the Company exclusive rights to use such valve to cut off water in order to safely stop wastewater flow. The Customer understands there will be a charge of \$100.00 for installation of this valve. The Customer's Building and Plumbing outfall line shall be maintained by the Customer.

Discontinuance of Service

Service under any application may be dis-continued for the following reason:

1. Non-payment of bill as hereinafter set forth below
2. For misrepresentation of application
3. For adding to the property without notice of the Company
4. For tampering any service pipe, tank, control system, filter or any other facilities of the Company in any way whatsoever.
5. For violation of any rules of the Company.
6. For disconnecting or reconnecting service by any party, other than a duly authorized agent of the Company without the consent of the Company.

Non-Payment Penalties

The Customer agrees to promptly pay for service at the then current schedule or rates and fees and agrees to abide by and be subject to the Company's billing and cutoff procedures. Should the Customer not pay in accordance with the Company's rules, the Customer agrees to pay all reasonably incurred cost of collection of delinquent fees including attorney fees.

A non-payment penalty of five percent (5%) of the total bill amount will be due after the due date shown on the bill. If payment is not received within fifteen days after the due date, a 2nd notice will be sent to the customer. If payment is not received within 30 days, service will be turned off from the customer's property as per the Sewer Service Contract Agreement (Attachment 1) executed by the customer with no additional notice being sent. No service shall be reconnected if disconnected for non-payment (or any other valid reason) until all charges have been paid, including disconnection and reconnection fees. The disconnection fee is \$40. The reconnection fee is \$50 plus all back payments.

Returned Checks

A check returned by the bank will incur a fee of \$25.

Changes in Ownership, Tenancy of Service

A new application and contract must be made and approved by the Company on any change in ownership of property, or tenancy, or in the service as described in the application. In the event of a failure of a new owner or tenant to make such application, the Company shall have the right to discontinue service until such new application is made and approved.

Sewer System Access Fee

The owner of each property parcel, which is provided a service connection when the sewer system is built, will be required to pay a sewer access fee of \$120.00 per year. This fee will be payable each July 1st. As each Customer attaches to the Service Connection and signs up for service, they will pay a pro-rated access fee for that year and thereafter the fee will not be charged.

Engineering, Material and Construction Standards

General: This specification covers the type of sewer system required for various design conditions of sewers constructed by developers.

1. The requirements called for are a minimum in all cases. Bedding conditions, material specifications, sealing requirements and installation methods are the responsibility of the design engineer and must be approved by the Company Engineer.
2. Design and construction of sewer lines shall meet the requirements of the State of Tennessee Department of Environment. Any conflicts between company and state requirements shall be resolved so that the more restrictive shall govern.
3. All sewage collection system components are to be watertight. This includes Building Outfall lines, all tanks, Collector Lines, Service Lines and Main Lines.
4. Collector Lines and Main Lines are to be tested to 100 pounds per square inch of water pressure. Risers and lids are to be watertight.
5. Septic Pump and Septic Gravity Tanks are to be installed near the customer's building to be served. The tanks are to be set in a level condition and tested for water tightness before backfilling.
6. All pipe is to be PVC. Classes and sizes will be per Engineer's design and in all cases Schedule 40 will be the minimum allowable.
7. Only wastewater drains are to be connected to the sewer system. No water sources such as roof drains, sump pumps, condensate lines and swimming pools shall be connected to the sewer system.

Special Pretreatment Sewage Requirements

For all sewage connections the Company reserves the right to require any non-residential user to provide special pre-treatment for any high strength effluent before discharge into its sewage system. The Company may, upon the basis of recognized engineering standards and treatment costs, increase the rate charged to cover the cost of treatment of high strength effluent or industrial waste, and may impose recognized engineering standards as to the maximum size of solids and constituents in such waste discharged into its sewage system.

Additionally, if excessive volumes of sewage are received, the Company may require the Customer to monitor flow volume and increase surge holding capacity at the Customer's expense. All customers will be required to follow the Owners User Manual for an effluent collection system supplied to them by the Company (Attachment 1). These requirements prohibit the dumping of any toxic chemicals that kill tank bacteria and disposal of an excessive amount of grease, among other things. All requirements (and notification of repair costs associated with the system abuse) are established in the Customer's Sewer Subscription Contract with the Company.

Damages

The Company shall in no event be responsible for maintaining any Building Outfall Line owned by the Customer, nor for damages created by sewage escaping there from, nor for defects in Customer's building lines or fixtures. The customer shall at all times comply with all regulations of the TRA and of the Company.

All leaks in any building pipe or fixture on the premises of the Customer shall be immediately repaired by the Customer.

On failure to repair any such leak, the service may be discontinued until repairs are made. Any customer found introducing prohibited substances into the waste water system is liable to pay the full cost of cleanup and the repair of any damage caused.

Inspection

All pipes, valves and fixtures shall be at all reasonable hours, be subject to inspection by the Company or its duly agent.

In Event of Emergency

The Company shall not be liable to the Customer for interruption in service, or for damages or inconvenience as a result of any interruption, stoppage, etc., which was beyond the reasonable control of the Company. In case of emergency, call 865-622-2452.

Service Area

The Company will provide service within its current service area. Additions to the service area must be approved by TRA.

Extension Plan

The Company may furnish sewer service to property owners whose lands abut the Main Line of existing sewer systems. The sewer service charges listed in the sewer billing monthly rates do not include costs for constructing extensions to the sewer system. Any sewer system facilities required to service such abutting properties shall be constructed at the cost of those parties desiring same, and these facilities shall become the property of the Company to be credited to the account for Contributions in Aid of Construction. In addition, treatment system facility costs will be paid by the Customer desiring to connect onto the system. Sewer service to new areas within a service territory will be made available where it is technically feasible and the developer or property owner is willing to bear the expense of designing and building the sewer system.

Contributions in Aid of Construction

Sewer system facilities furnished by developers and property owners to the Company will be recognized as Contributions in Aid of Construction in the amount of the actual cost of construction. Capital contributions from developers will be treated in like manner.

Contracts for Service

Each Customer before installation of service shall be required to execute on the appropriate forms furnished by the Company, a Sewer Subscription Contract.

Customer Billing Forms

Customer billings will be sent monthly or annually to Customers for payment of a flat fee.

Individual Septic Tank and Pump Tank Requirements

Only the configurations listed on the Individual Septic Tank and Pump Tank requirements list may be used. This list may be added to or taken from as needed.

Public Contact

Doug Hodge
4028 Taliluna Ave
Knoxville, TN 37919
865-622-2452

Tennessee Regulatory Authority Regulations

The Company, in its operation, shall conform to all the applicable rules and regulations promulgated from time to time by the Tennessee Regulatory Authority. The TRA can be reached by phone at 1-800-342-8359 or 615-741-2904.

SECTION 3
RESIDENTIAL SEWER SERVICE TERRITORIES

<u>Service Territory</u>	<u>County</u>	<u>TRA Docket #</u>	<u>Rate Class</u>
Timberlake Bay on Douglas Lake (also called The Flats)	Sevier	10-00206	Rate Class 1

SECTION 4

RESIDENTIAL RATE SHEET/EXPLANATION

<u>FEES:</u>	<u>TOTAL</u>
Non-Payment	5%
Tap Fee	1,100/lot
Disconnection	\$ 40.00
Reconnection	\$ 50.00
Returned Check	\$ 25.00
Access Fee	\$120/yr
 *Escrow amount is included in total	 \$4.29

Explanation

FFR.D:	Standard Base RSF/Fixed Film Reactor Treatment Rate	\$ 34.02
E1:	RSF Escrow Rate	\$ 4.29
<u>B1:</u>	<u>Standard bonding charge of</u>	<u>\$ 11.11</u>
	Total	\$ 49.42

COMMERICAL RATE SHEET without food service

The monthly sewer charge per customer is based on design daily flow expected from the type of establishment being served. A minimum of \$102.15 per month will be charged for up to the first (I) 300 gallons per day of design flow expected. For each additional 100 gallons per day of design flow expected, up to a total of 1,000 gallons per day, an additional charge of \$20.45 per month per 100 (I) gallons will be levied. For design flows expected over 1,000 gallons per day, the monthly rate will be \$157.95 per 1,000 gallons of daily flow.

<u>COMMERCIAL W/O FOOD</u>	<u>FLOWRATE BETWEEN</u>			
	<u>(GPD)</u>		<u>TOTAL**</u>	<u>ESCROW***</u>
Tier 1	0	300	\$ 102.53	\$ 4.29
Tier 2.1	301	400	\$ 122.98	\$ 8.58
Tier 2.2	401	500	\$ 143.43	\$ 12.87
Tier 2.3	501	600	\$ 163.88	\$ 17.16
Tier 2.4	601	700	\$ 184.33	\$ 21.45
Tier 2.5	701	800	\$ 204.78	\$ 25.74
Tier 2.6	801	900	\$ 225.23	\$ 30.03
Tier 2.7	901	1000	\$ 245.68	\$ 34.32
Tier 3.1	1001	2000	\$ 403.63	\$ 68.64
Tier 3.2	2001	3000	\$ 561.58	\$ 102.96
Tier 3.3	3001	4000	\$ 719.53	\$ 137.28
Each additional tier			\$ 157.95	

Additional surcharges will apply when customers exceed their expected design flows. For any month that a customer's water meter exceeds the expected design flow, the following surcharges will apply:

<u>Excess Water Usage</u>	<u>Surcharge</u>
1 gallon to 1,000 gallons above expected design flow	\$ 175.00
1,001 gallons to 2,000 gallons above expected design flow	\$ 200.00
Over 2,000 gallons above expected design flow	\$200/1000 gallons

If the water meter readings exceed the design for any three consecutive months, the monthly charge will be revised to reflect the increased usage and any capital costs associated with increasing the capacity of the system will be paid by the customer.

Non-Payment	5%
Tap Fee	1,100/Commercial Unit
Disconnection	\$ 40.00
Reconnection	\$ 50.00
Returned Check	\$ 25.00
Access Fee	\$120/yr

*Escrow amount is included in total \$4.29

** Bonding amount of \$11.11 included *** Escrow amount is included

Sewer Service Contract

DATE:_____.

PRINTED NAME:_____.

ADDRESS OF PROPERTY:_____.

MAILING ADDRESS:_____.

TELEPHONE NUMBER:_____.

EMAIL ADDRESS:_____.

I hereby make application to Evergreene Utility Services, LLC (EUS) for sewer service at the address of property stated above. In consideration of the undertaking on the part of EUS to furnish sewer service, I understand, covenant and agree as follows:

1. I understand that the components of a sewer system have been installed on the property referred to above, which is owned or occupied by me, and which is to be connected with a wastewater disposal system owned and/or maintained by EUS. I warrant that any connection to and/or subsequent use to this system by the components on my property shall be in accordance with the Rules, Regulations and Plans of EUS. Regarding my usage of the system components on my property, which are owned by me, I covenant to follow the guidelines set forth in the Owners User Manual. Should I violate these Rules and/or abuse or damage my components, I understand that I must bear the expense to repair or replace the same in accordance with the Plans of EUS.
2. I acknowledge EUS, its successors and assigns, have a perpetual easement in, over, under and upon the above specified land as shown on the property plat, with the right to operate and repair all components of the sewer system on my property, including but not limited to the septic tank and septic pump tank systems. I further grant EUS permission to enter upon my property for any reason connected with the provision or removal of sewer service or collection therefore.
3. For all other plumbing and structures on the property, including the outfall line to the septic tank, I agree that I am responsible for all operation and repair thereof.
4. I agree to promptly pay for service at the then current schedule or rates and fees and agree to abide by and be subject to EUS's billing and cutoff procedures. Should I not pay in accordance with EUS's rules, I agree to pay all reasonably incurred cost of collection of delinquent fees including attorney fees.
5. I accept the current Rules and Regulations and the Rates and Fees Schedule and agree to abide by any amendments to such Schedules as approved by the Tennessee Regulatory Authority.
6. I agree that this Agreement shall remain in effect for as long as I own, reside upon or rent the above-described property. When such circumstances no longer exist, I agree to provide notice to EUS at least thirty (30) days in advance of my vacating the property.
7. I agree to allow EUS to install an approved cut off valve between the house and water supply and grant EUS exclusive rights to use such valve to cut off water in order to safely stop wastewater flow. I understand there will be a charge of \$100.00 for installation of this valve.

SUBSCRIBERS SIGNATURE: _____

OWNERS USER MANUAL

Welcome! You are hooked up to a state of the art fixed film wastewater treatment system. This environmentally friendly system does an excellent job of treating wastewater and returning it to the soil. It will do best if you follow the guidelines listed below:

Proper Use:

Direct all wastewater from the home into the septic tank. Any wastewater can contain disease causing organisms and pollutants.

Practice water conservation to avoid overloading the onsite sewage system. Repair dripping faucets and leaking toilets. Run dishwashers when full. Do not do all your laundry in one day. Space out the washing machine use over the week. Replace old fixtures with water saving fixtures.

Do not direct water from gutter downspouts, sump pumps or subsurface drains into the septic tank. The sewage management system is designed based on an estimated daily water use. Excess water directed into the septic tank will cause a hydraulic failure.

Use commercial bathroom cleaners and anti-bacterial soaps in moderation. Treatment in the wastewater system depends on natural bacteria. The Utility does not recommend the use of septic tank additives. These products are not necessary for proper system operation.

Do not plant trees or bushes on top of the septic or pump tank. Root intrusion may damage and block the line.

Do not dig without knowing the location of your septic and pump tank. Landscape the site to allow surface water to drain off of these tanks. Divert roof drains from these tanks. Standing water over these tanks will cause increased load saturations and potential pump failure.

Do not park or drive over the septic and pump tank. This can damage or compromise the tanks.

Do not pour grease, oil, paint or other chemical products down the drain. Do not put not-biodegradable items such as cigarette butts, feminine hygiene products, condoms, disposable diapers or other similar solid waste into the septic tank. Remember living microbes clean the wastewater.

Do not enter your septic or pump tank. Gases from inside the tank can be fatal. Keep the lids secure and screwed down.

Do not turn off the main circuit breaker to the wastewater pumps when going on vacation. The pumps will need to handle any infiltration into the system.

If there is a power failure, your alarm might go off when the power comes back on. Wait at least 2 hours, if the alarm is still going off please call the customer service number. If you have had no power failure and the alarm goes off, call customer service without delay.

Customer Service: 865-622-2452

Bert Ballowe

The Flats Resort, LLC
2249 Childress Road
Dandridge, TN 37725
Phone: 865-397-4888

► **Timberlake HOA**

Attn: Timberlake Bay Property Owners

(Address Stamp Here)

The Flats Resort, LLC has with Evergreene Utility Services (EUS), LLC (a waste water utility company) to replace East Sevier County Utility District for waste water utility services. Their rate sheets and other pertinent information are attached. This transition will be effective November 8th, 2010.

Please contact me by phone if you have any transitional questions. The EUS point of contact is Doug Hodge who can be reached at 865-622-2452 or hodge.dsh@gmail.com.



Albert Ballowe
Managing Member
The Flats Resort, LLC
865-397-4888
9/15/10

Evergreene Utility Services, LLC

4028 Taliluna Avenue, Knoxville, TN 37919

Dear Evergreene Utility Services Customers

I would like to welcome you to Evergreene Utility Services, LLC and Timberlake Bay Villas. We at Evergreene Utility Services, LLC look forward to providing the best and most environmentally friendly wastewater treatment service. First of all I would like to explain our rates for Timberlake Bay Villas.

We have 2 basic rates, one if you have not built your home yet and the other as your home is built. First, the rate if you have not built your home yet is referred to as an access fee. The access fee is \$120.00 dollars per year and is due on July 1st. What this fee pays for is the maintenance of the lines in the streets and the treatment plant components. Even if no homes are built in the subdivision, maintenance and test records must be maintained to meet state requirements. We use this fee to offset these costs so that when you are ready to connect, the system will be ready for you.

Our next rate is for when you build your home and tie on, this rate is \$49.42 per month. For this payment we will treat the wastewater to the highest standards and dispose of it into a drip emitter field. We use the fixed film system of treating the wastewater because of it's reliability and it can be maintained more cost effectively than other systems. This is a fully automated PLC controlled system for the utmost reliability. You will additionally install a septic and pump tank at your home at your expense. We will pump and maintain the septic tank, pump tank and components at no additional cost to you. It should be noted that we do not maintain any plumbing or unstop any blockages in your home or the outfall line to the septic tank.

Additional charges are as follows:

- Service disconnect \$40.00
- Service reconnect all past due amounts with late fees and \$50.00
- Returned Check Fee \$25.00
- A 5% late fee will be added to the total bill on the lot of any month in which we have not received your payment.

A complete copy of our tariff or billing amounts is available for viewing at our office during normal business hours by appointment.

Now for connecting, we have a set of specifications that must be followed and are included in this packet. You must get a permit from Jefferson County Environmental Health before starting work. Before you can connect to the Evergreene Utility Services, LLC Service Connection you must sign and return your Sewer Service Contract Agreement.

You will need to install a cut off valve between the house and water supply and grant Evergreene Utility Services, LLC exclusive rights to use such valve to cut off water in order to safely stop wastewater flow.

You will have an alarm post next to your pump tank or on your house. If there is a power failure, this alarm might go off after the power comes back on due to residual water needing to be pumped out. Wait at least 2 hours and if the alarm is still going off please call the customer service number. If you have had no power failure and the alarm goes off, call customer service without delay. If you need additional assistance, please call our Customer Service number: 865-622-2452.

All payments will be sent to:

Evergreene Utility Services, LLC
4028 Taliluna Avenue
Knoxville, TN 37919

Again I would like to welcome you to Evergreene Utility Services, LLC and Timberlake Bay Villas. We at Evergreene Utility Services, LLC will do our best to handle your wastewater service needs in an honest and professional manner.

Sincerely,

A handwritten signature in cursive script that reads "Douglas S. Hodge".

Douglas S. Hodge, Ph.D. PMP
Operations Manager
Evergreene Utility Services, LLC

Evergreene Utility Services, LLC

Individual septic tank and pump tank requirements.

Only configurations and equipment approved by Aqua Green Utility Inc. may be used. Not following these configurations shall be cause for disconnect until the specifications are met.

All connections to the septic and dosing will be:

- 4" schedule 40 PVC at not less than 1/8" fall per 1'
- Have an Inspection port relief valve between the septic tank and pump tank. The Inspection port relief valve will be on an elevation of not less than 6" below the elevation where the building outfall line leaves the home. (see approved products)
- Foam core pipe is approved if it meets local code requirements

The line from the pump tank to the main line will be:

- Pressure rated Schedule 40 PVC minimum 1.25 inch
- Have a piece of single strand insulated copper wire included in the ditch turned up in the utility box at the road and alarm post for future locating needs.
- Pumped line from pump tank to service connection should be buried at least 18" deep.

The septic and pump tank must meet the Utility's design requirements:

- All tanks must be on the Utility's approved list. Other tanks may be added to approved list if they meet all requirements. Contact the Utility for details on adding additional equipment to approved list.
- Shall be of a watertight design and all joints must be sealed to stop ground water intrusion and sewage leaks. Concrete/Fiberglass tanks must be 1 piece tanks with sealed lid.
- The septic tank will be a two chamber design at least 1000 gallon capacity.
- The pump tank will be a one chamber design at least 1000 gallon capacity.
- The septic tank will have PVC tees in each end at least 1/3 the water depth.
- The outlet tee will include a septic tank filter.
- The top of the tanks shall not be buried deeper than 24" from the surface.
- The septic tank will include two approved risers to the surface.
- The dosing tank will include one approved riser to the surface.
- The risers will have two forms of entry security. Safety screws in outer lid and a riser pan with cement lid or a safety screen.
- The dosing tank will have an 1.5 inch metal pipe entering at least 46" on center from the bottom of the tank at the riser end. The total length of the installed pump and piping shall be 46" from center of the line entering the tank to the bottom of the pump.
- The pipe in the tank will have a 1/16 hole pointed downward in the tank to relieve air after pump cycle.
- The pump tanks will have an EZ pull adapter for quick pump service.

- All pipes in the dosing tank will be galvanized water pipe, aluminum or stainless steel
- Metal pipe must extend at least 3' from tank toward Utility connection before converting to using PVC.
- The metal elbow shall have a 1/16 hole at a 30 degree downward angle drilled into it'
- A non spring check valve shall be connected to the Utility service just inside the Utility service box. This will make a total of two check valves at the service box.

Electrical Connections

- All connections shall meet the national electrical code.
- All connections shall be located outside of the tank.
- An approved alarm post with a high level alarm shall be located at the pump tank riser.
- No electrical connections are allowed inside the pump tank or riser.
- Two 110 volt electrical circuits are required from the house to the alarm post. One 12 gauge dedicated for the pump and one 14 gauge for the alarm, so the alarm will work even if the pump throws a circuit breaker. Wire in PVC conduit or direct burial wire is required.
- The conduit connecting the riser to the alarm post must be sealed so as to keep corrosive gasses from entering the alarm post.

Approved Materials: (contact the Utility in advance to recommend an addition to this list)

Risers: Can use either Orenco System or Polylok System risers as outlined below:

- Orenco: Jeff Brownfield at 423-331-2036
 - 2.000 FL24G-4BU Fiberglass Lid, 24" W/ Urethane Gasket, Angled Core; 4 bolts, Inlet & outlet
 - 2.000 RR2436 Pvc Access Riser, 24" Dia.
 - 2.000 MA320 200 G Epoxy Kit
 - 1.000 SB4 Pvc Splice Box W/4 Cord Grips
 - 1.000 PV55-1817 Simplex Biotube Pump Vault for 24" Riser, 18" Cartridge
- Polylok: www.polylok.com 877-POLYLOK
 - Polylok 3008 HD Heavy Cover or
 - Polylok 3008 RC Light Duty Cover
 - Polylok 3008-RP 24" Riser Pan or
 - Polylok 3008-SS 24" Safety Screen
 - Polylok 3008 24" Riser 6" tall
 - Polylok 3008-R12 24" Riser 1,2" tall
 - Polylok PL-68 Filter Cartridge (septic tank filter)
 - Polylok 3009-AR (adapter ring for plastic tanks)

Alarm Post:

- SJE Rhombus model PSPL20V6HL7 A www.sierhombus.com 1-888-DIALSJE
- Septic Products Inc. - Observer 100 www.septicproducts.com 419-282-5933

EZ pull adapter -EZ-Puller 1.5 inch www.webtrol.com 800-769-7867

Inspection Port Relief Valve 562-304 www.Plum.com 800-462-6991

Septic Tank: 1 piece 2 chamber

- Orenco Step Tank: Jeff Brownfield 423-331-2036
- Norwesco 1050 Septic tanks part number 42250,42248,42283, 42293
www.norwesco.com
- Ashley Cement Tanks: Must be L piece 2 chamber poured tanks with two Polylok 24" risers and sealant between lid and tank.
- Watson Septic, Madisonville, TN
- Dixie Concrete, LaFollette, TN
- Tays Septic, Crossville, TN
- Morrison Tank & Vault, Morrison, TN

Approved Pumps:

- Myers 2NFLs1-8E www.femvers.com 419-289-1144
- Orenco: Jeff Brownfield at 423-331-2036
 - 1.000 PF100511 Effluent Pump; 1/2Hp, 10gpm, 115V, 60Hz, 10' Lead
 - 1.000 HV100BCFCPRX Hose & Valve Assembly, 1" Pressure, w/B,C,FC,X
 - 1.000 MF3A-Y,B,R-27V Fl. Assem.:(Y,B,R);27" step pump vault
 - 1.000 S1ETM Simplex Panel, 115V W/Etm

Some local Installers: (if an installer does poor work, the Utility reserves the right to not allow him/her to do further work) To add your installer, please call the Utility first:
Doug Hodge at 865-622-2452.

For additional technical assistance call Evergreene Utility Services, LLC. 865-622-2452

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August 20, 2010

IN RE:

PETITION OF EVERGREENE UTILITY SERVICES,
LLC TO OBTAIN A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY FOR THE
SERVICE OF THE PART OF JEFFERSON COUNTY,
TENNESSEE KNOWN AS TIMBERLAKE BAY
VILLAS.

DOCKET NO. 10-00206

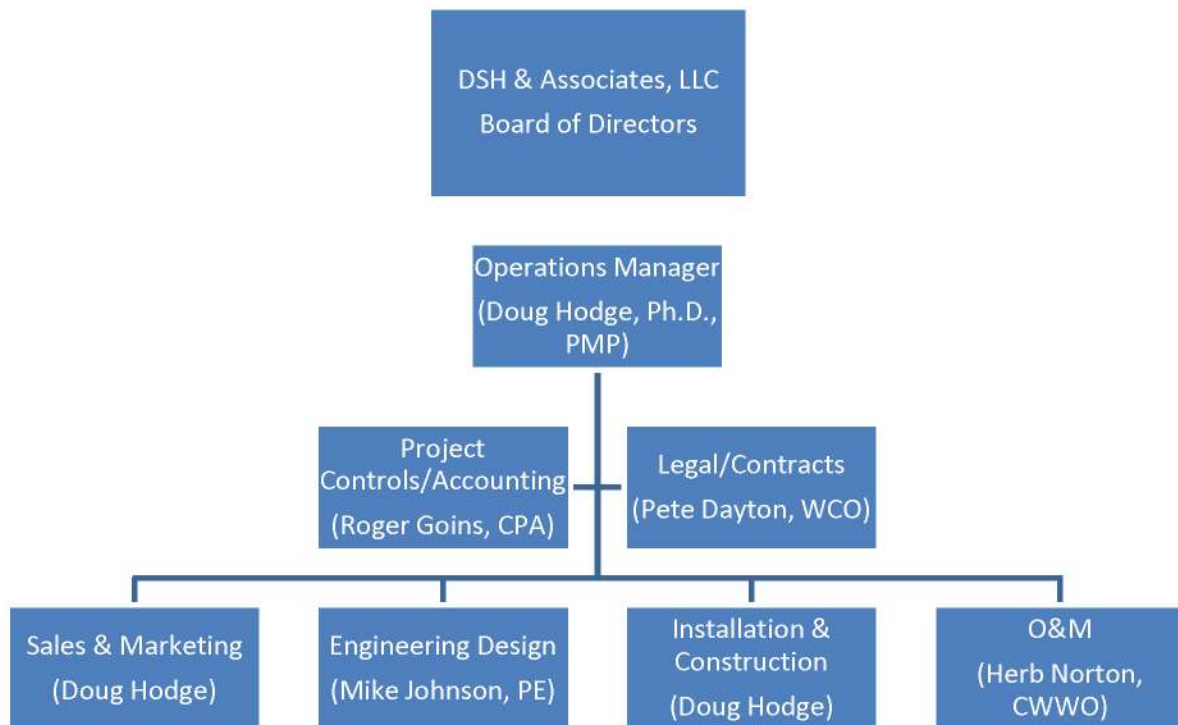
II. General Requirements:

- A. Application of Issuance of a CCN:
- B. Evergreene Utility Services, LLC has received a letter from The Flats Resort, LLC, developer for Timberlake Bay (formally named The Flats Resort) (attachment 2). The letter requests we provide wastewater service to the Sevier County, Tennessee known as Timberlake Bay. The Timberlake de-centralized Treatment System has been in operation for approximately 2 years under a State Operating Permit granted to East Sevier County Utility District (SOP # 08001). East Sevier County Utility District has agreed to release the Timberlake Bay SOP #08001 to Evergreene Utility Services, LLC (attachment 3). Prior to the original SOP being granted to East Sevier County Utility District, the City of Sevierville was consulted and agreed to East Sevier's operation of the system. There is no municipal sewer lines in the vicinity of Timberlake Bay and the soils are not adequate for individual onsite septic systems.
- C. Sworn pre-filed written testimony. See attached document (attachment 4)
- D. SOP #08001 Permit application (attachment 5).

III Administrative Requirements:

A. Evergreene Utility Services, LLC, 4028 Taliluna Avenue, Knoxville, TN 37919, 865-755-8066

B. Organizational Structure



C. Officers:

a. Officer, Douglas Hodge, 4028 Taliluna Avenue, Knoxville, TN 37919, 865-755-8066, Operations Mgr, 100% owner.

b. Board of Directors:

- i. Doug Hodge
- ii. Pete Dayton
- iii. Roger Goins
- iv. Bert Ballowe

- D. Principle officers: Same as noted above in section C.a
- E. Articles of incorporation (attachment 6).
- F. License to engage in business within State of Tennessee registered with the Secretary of State (attachment 7)
- G. Evergreene Utility Services, LLC has no franchise agreements.
- H. Evergreene Utility Services, LLC is not located in other states, and has no other application pending.
- I. Evergreene Utility Services, LLC is not currently involved with any mergers or acquisitions.

IV. Managerial Requirements:

- A. Degrees held by water utility staff (copies of degrees and certificates are attached in attachment 8):
 - a. ***Dr. Douglas S. Hodge, Ph.D., PMP***
 - i. Ph.D. Environmental Engineering, Univ. of Southern Calif, 1993
 - ii. M.S. Environmental Engineering, Univ. of Southern Calif, 1991
 - iii. B.A. Mathematics, Colorado College, 1988
 - iv. Project Management Professional, 2010, Certification #1322650
 - b. ***Michael Johnson, PE***
 - i. Registered Professional Engineer (TN), Certification #112003
 - ii. BS Civil Engineering, Univ. of Tennessee, 2003
 - c. ***Herbert Norton, CWWO***
 - i. Certified Water and Wastewater Operator (TN), Certification #142
 - ii. Wastewater treatment plant operation, East Tennessee State University, 1969
 - d. ***Roger Goins, CPA***
 - i. BS Accounting, University of Tennessee
 - ii. Certified Professional Accountant
 - e. ***Pete Dayton, WCO***
 - i. BS Mathematics, University of Tennessee, 1966
 - ii. Masters of Business Administration (MBA), University of Tennessee, 1968
 - iii. Warranted Contracting Officer, State of Tennessee, 1990
- B. Professional licenses of staff and contractors
 - a. ***Water and Wastewater Operator Grade II*** – Herbert Norton
 - b. ***Professional Engineer*** – Mike Johnson
 - c. ***Project Management Professional*** – Doug Hodge
 - d. ***Certified Professional Accountant*** – Roger Goins
 - e. ***Warranted Contracting Officer*** – Pete Dayton

C. Experience of water utility staff:

DOUGLAS S. HODGE, PH.D., PMP.
Operations Manager

QUALIFICATIONS

With Evergreene Utility Services, LLC, Dr. Hodge's primary role as Operations Manager is to ensure awarded projects are completed on time, within budget, and according to client requirements. Additional duties includes: staffing all projects, developing initial budgets and schedules, aligning client expectations with project goals, monitoring performance of all projects, and ensuring Quality and Health and Safety Management procedures are followed.

Dr. Doug Hodge has over 20 years of experience in waste water treatment system design and construction, research & development, design and construction management. He has managed the design and construction of over \$500M worth of projects. A graduate of the University of Southern California's Civil Engineering Program, Doug's focus has been on development and implementation of innovative, environmentally friendly technologies for treating waste streams. He has extensive experience in writing proposals and has been awarded work from commercial, State and Federal Government entities. Dr. Hodge has strong working relationships with Tennessee's Department of Environmental Conservation (TDEC) and the University of Tennessee Wastewater Treatment Faculty. A recent project, on which he teamed with the University of Tennessee, was granted approval from TDEC for installation of the first "Engineered Fill" treatment system for recycling treated water. The American Society of Civil Engineers awarded Dr. Hodge their second highest honor, The James R. Croes Medal, for his role in advancing innovative environmental technologies.

Dr. Hodge has extensive experience with oversight of large scale design and construction projects. He has been responsible for leading large construction programs for some of the leading federal contractors, including being the Manager of Projects for Jacobs Engineering's US Army Corps of Engineers projects and the Remediation Business Unit Manager for CAPE, Inc. Dr. Hodge was responsible for leading an impressive list of projects that includes the New Bedford Harbor Superfund Site, the Massachusetts Military Reservation TERC and AFCEE contracts, a \$50M Army Chemical Demilitarization Program, PRACs at Mobile and Buffalo, a Nashville HTRW design/remediation contract and numerous other DoD programs and projects. In addition, he was responsible for leading DOE projects that included support of the DOE Oak Ridge remediation program and the Nashville A/E Contract which supported the Oak Ridge Y-12 new facility construction program - a \$3 million design and construction oversight program that included complete designs of three new facilities and the oversight of the construction of these facilities. He was the Chairman of the Technology Committee for Jacobs Engineering's Environmental Division and has published

more than 20 technical papers. His expertise includes developing and implementing earned value project management systems and cost tracking systems.

EXPERIENCE

♦ **Bouldercrest Villas Development, TN**

- Bouldercrest Villas, LLC is a 28 home subdivision on Douglas Lake.
- The project is a turn-key Design Build estimated at approximately \$18M.
- As engineering manager, Dr. Hodge designed and constructed a new innovative onsite wastewater treatment system that has been fully approved by the State. This system contains the first engineered fill approach to infiltration of final effluent for the State of Tennessee.
- Doug teamed with the University of Tennessee Engineering Department and the local Jefferson County Health Department in design, installation, and operation of the system.
- Doug managed all field efforts to install the developments infrastructure.

♦ **Timberlake Bay Development, TN**

- Rezoing a 63 acre property from Agricultural to Commercial use.
- Preparing and gaining City approval for a 145 Unit Lake Development.
- Managing the engineering designs for the developed.
- Managed the field construction effort to install the \$8M of infrastructure. This included a 100,000 gallon per day centralized treatment plant located on the property.

♦ **The Villages at Norris Lake, TN**

- Currently engineering a centralized treatment system for a 450 unit development
- The system is being designed to handle 135K gallons per day

PETE DAYTON **Legal/Contracts Manager**

QUALIFICATIONS

With **Evergreene Utility Services, LLC**, Mr. Dayton offers 25 years experience in providing leadership and management oversight of operations, including operations and program management, business development, and contract management. His extensive experience includes negotiating and managing all types of contracts for engineering, construction, environmental services and infrastructure support services. Mr. Dayton was the Director of Procurement and Contracts for the U.S. Department of Energy in Oak Ridge, Tennessee where he was responsible for overseeing the negotiation and

administration of contracts and financial assistance instruments totaling over \$2 billion annually. In this position he was also responsible for overseeing the Oak Ridge Small Business Program that consistently ranked as the best in DOE. Following his retirement from DOE, Mr. Dayton became the Operations Manager for Federal Operations at Jacobs Engineering Group where he led several departments and regional operations with up to 360 line managers, project managers and staff across the U.S. This staff was involved in the execution of up to \$100 million of environmental and engineering projects for the Department of Energy, Air Force, Army Corps of Engineers, and the Army Chemical Demilitarization Program.

ROGER GOINS

Project Controls/Accounting

QUALIFICATIONS

With Evergreene Utility Services, LLC, Mr. Goins will be responsible for all project controls, billing supervision, monthly accounting, and annual preparation of taxes and required annual reports. Mr. Goins is a TN CPA and has over 30 years of experience with accounting and specifically the State of TN accounting practices. In addition, Mr. Goins is currently the CPA/project controls lead for Martel Utility District, is registered with the State as providing utility accounting support, and currently is following all professional practices required to meet TRA accounting requirements.

HERBERT NORTON

Operations and Maintenance (O&M)

QUALIFICATIONS

With Evergreene Utility Services, LLC, Mr. Norton will be responsible for O&M of the Timberlake Bay De-Centralized treatment system. He will conduct all sampling and analyzes, operate the system, respond to shut downs, and keep the system operational.

Mr. Norton has over 40 years of experience in the water and wastewater. He has managed municipal operations for the Cities of Newport and Dandridge, TN from 1968 through 2003. He has a grade 2 wastewater treatment plant and distribution and collection systems license. He has the experience to manage all aspects of the O&M for the Timberlake Bay De-centralized system.

MICHAEL C. JOHNSON, P.E.

Engineering/Design Manager

QUALIFICATIONS

With Evergreene Utility Services, LLC, Mr. Johnson's primary role as Project Manager

is to ensure awarded projects are completed on time, within budget, and according to requirements. Additional duties includes: scheduling meetings, presenting meetings, preparing and distributing meeting minutes, determining resources required, preparing work plans, executing work plans and adjusting the work plans as necessary, assigning tasks to team members, and preparing status reports and presenting to upper management

As a project engineer, responsibilities included site layout design, grading design, stormwater collection/management design, water and sewer utility design, hydrology studies, surveying/mapping, horizontal/vertical road design, traffic control design for street/highway construction, erosion and sediment control design/inspection, feasibility studies, flood analysis studies and reports, bridge/culvert design pertaining to hydrology/hydraulic design, documentation of construction inspections pertaining to pay requests, preparation of permit applications and supporting documents for Federal, State and local regulatory agencies (e.g., TDEC stormwater permitting, stream/wetland alterations and rehabilitations, TDOT permits, FEMA NFIP and Flood Plain Management Procedures, etc.) for residential, commercial, and industrial developments as well as preparation of construction documents. Additionally, tasks include oversight and training of junior staff engineers and designers. Work has required coordination and cooperation with surveyors, architects, regulators, contractors and other consultants as part of the overall design effort and construction support.

EXPERIENCE

♦ Titanic Museum Attraction, Pigeon Forge, TN

Mr. Johnson performed project management, engineering design services, technical support and construction management for the commercial development. Responsibilities include site layout design, grading design, water and sewer design/calculations, stormwater design/calculations, erosion and sediment control design/inspection, traffic control design, cost estimating and preparation of construction documents.

♦ Jasmine Fields, Sevier County, TN

Mr. Johnson performed project management, engineering design services, technical support and construction management for the residential development. Responsibilities include site layout design, grading design, water and sewer design/calculations, stormwater design/calculations, erosion and sediment control design/inspection, horizontal/vertical road design/calculations, cost estimating and preparation of construction documents. The project included multiple Class V Injection Wells. Mr. Johnson prepared all required documents and design for the closure and stormwater injection of the Class V Injection Wells.

♦ RCA Rental Equipment, Sevierville, TN

Mr. Johnson prepared Individual permit applications and supporting documents for Federal, State and Local regulatory agencies of the directly connected existing stream and wetland. In order for the commercial site to fit on the property, the stream and wetland needed to be relocated with a ratio of 3:1. During investigation of the historical existence of the wetland, it was found that when Veterans Boulevard was constructed, the wetland

area was depleted and never properly mitigated. Therefore, the regulatory agencies required that the previous mitigation must be incorporated into the proposed mitigation for the rehabilitation of the wetland habitat. After many negotiations with the regulatory agencies, approval was granted. At the present time, the mitigation is being monitored for completion.

V Technical Requirements:

- A. State Operating Permit (SOP) is filed with the Tennessee Department of Environmental and Conservation as SOP #08001.
- B. Construction plans and engineering drawings of the decentralized treatment facility (attachment 9).
- C. Projected 5 year build-out and cost analysis is attached as attachment 10 with explanation pages. The estimates of the number of builds per year are based on information gained from a local real estate company, Exit Reality. There are 103 lots and a clubhouse in the subdivision (104 hookups total). We tried to factor in today's economic environment as well.
 - a. According to The Flats Resort, 69 lots have been sold/closed.
 - b. Tap fees associated with these lot sales totaling \$43,605 are being held in an escrow account at Foothills Title, Knoxville, TN. The Developer agrees to release these funds to EUS after the SOP transfer date and CCN permit has been granted.
- D. Proposed Tariff showing rates to be charged for wastewater service.
 - 1. Sewage treatment service recommended rates: Rate to customer for residential fixed film treatment is \$49.42 and for Commercial without food service (club house and pool) is \$102.53 per month. Then we broke down our cost further in a 5 year spread sheet format. (attachment 10)
 - 2. Service Access Fee of \$120.00 annually.
 - 3. Bills are due on the first day of the month and considered late if not received by the 10th day of the month due.
 - 4. A 5% of total bill amount to be added to bills not paid by the 10th of the month.
 - 5. Bills over 30 day past due are subject to being disconnected. A service disconnect fee of \$40.00 will be charge if a service must be disconnected. For service reconnect: all back payments plus a reconnect fee of \$50.00 will be charged
 - 6. A returned Check fee of \$25.00
 - 7. Any damages to the sewage treatment system caused by anyone will be billed at actual cost of repair and loss of service. These types of damage include but are not limited to:
 - i. Damages caused to the disconnect valve located at main line tap
 - ii. Any damages to pipes or equipment caused during excavation by machine or hand.
 - iii. Hazardous waste; Industrial chemicals and other non household sewage added to the treatment system.
 - iv. Sewage added to the system not generated at the customer's residence, like from a septic pumper truck.
 - 8. See attachment 10.
- E. Copy of license of the water system operator of record (attachment 8)
- F. The area to be served will be limited to the subdivision known as Timberlake Bay Subdivision. Timberlake Bay total acreage of lots and sewage disposal field is approximately 70 acres. See attached subdivision plans (attachment 11)
- G. The decentralized treatment system was installed and started treating influent on July 16th, 2009.
- H. Name and contact information for responsible person regarding applicants proposed operation.
 - a. Doug Hodge, 4028 Taliluna Avenue, Knoxville, TN 37919, 865-755-8066.
- I. There are no complaints filed against Evergreene Utility Services, LLC

VI Financial Requirements:

- A. The developer, The Flats Resort, LLC, paid approximately \$260K to install the completed system at Timberlake Bay, which started operation on July 16, 2010. Evergreene Utility Services, LLC will show \$362,480 as a capital Contribution on its books. This is the cost of the decentralized treatment plant and associated acreage (price of acreage is calculated at \$14,000 per acre and the system sits on approximately 7.32 acres including the drip area). The land cost is an average according to a local real estate company, Exit Reality.
- B. The land is currently owned by the developer (The Flats Resort, LLC). As part of the CCN application process, the developer will transfer ownership of the wastewater treatment plant, drip fields, and associated acreage to TN Evergreene Utility Services, LLC.
- C. Chart of accounts for the water utility (attachment 12).
- D. List of all plant-in-service account numbers with account names and estimated account balances as of the start of operation (attachment 12).
- E. Our CPA will use the Tax Basis Deprecation Rates considered with the MACRS tables. For the main plant we would use the MACRS 39 year table. For the blowers and motors we would use the MACRS 7 year table. For the control system we would use the MACRS 5 year table.
- F. A performance bond in the amount of \$20,000 has been acquired through Athens Insurance for the Timberlake Bay Treatment System (attachment 13).
- G. Provide pro forma income statements for the water utility for the first two years of operation. The first 2 years of projected cost and income estimate is provided with in attachment 14 with explanation sheets.

ATTACHEMENT 1:
Owners User Manual

OWNERS USER MANUAL

Welcome! You are hooked up to a state of the art fixed film wastewater treatment system. This environmentally friendly system does an excellent job of treating wastewater and returning it to the soil. It will do best if you follow the guidelines listed below:

Proper Use:

Direct all wastewater from the home into the septic tank. Any wastewater can contain disease causing organisms and pollutants.

Practice water conservation to avoid overloading the onsite sewage system. Repair dripping faucets and leaking toilets. Run dishwashers when full. Do not do all your laundry in one day. Space out the washing machine use over the week. Replace old fixtures with water saving fixtures.

Do not direct water from gutter downspouts, sump pumps or subsurface drains into the septic tank. The sewage management system is designed based on an estimated daily water use. Excess water directed into the septic tank will cause a hydraulic failure.

Use commercial bathroom cleaners and anti-bacterial soaps in moderation. Treatment in the wastewater system depends on natural bacteria. The Utility does not recommend the use of septic tank additives. These products are not necessary for proper system operation.

Do not plant trees or bushes on top of the septic or pump tank. Root intrusion may damage and block the line.

Do not dig without knowing the location of your septic and pump tank. Landscape the site to allow surface water to drain off of these tanks. Divert roof drains from these tanks. Standing water over these tanks will cause increased load saturations and potential pump failure.

Do not park or drive over the septic and pump tank. This can damage or compromise the tanks.

Do not pour grease, oil, paint or other chemical products down the drain. Do not put not-biodegradable items such as cigarette butts, feminine hygiene products, condoms, disposable diapers or other similar solid waste into the septic tank. Remember living microbes clean the wastewater.

Do not enter your septic or pump tank. Gases from inside the tank can be fatal. Keep the lids secure and screwed down.

Do not turn off the main circuit breaker to the wastewater pumps when going on vacation. The pumps will need to handle any infiltration into the system.

If there is a power failure, your alarm might go off when the power comes back on. Wait at least 2 hours; if the alarm is still going off please call the customer service number. If you have had no power failure and the alarm goes off, call customer service without delay.

Customer Service: 865-622-2452

Evergreene Utility Services, LLC

4028 Taliluna Avenue, Knoxville, TN 37919

Dear Evergreene Utility Services Customers

I would like to welcome you to Evergreene Utility Services, LLC and Timberlake Bay Villas. We at Evergreene Utility Services, LLC look forward to providing the best and most environmentally friendly wastewater treatment service. First of all I would like to explain our rates for Timberlake Bay Villas.

We have 2 basic rates, one if you have not built your home yet and the other as your home is built. First, the rate if you have not built your home yet is referred to as an access fee. The access fee is \$120.00 dollars per year and is due on July 1st. What this fee pays for is the maintenance of the lines in the streets and the treatment plant components. Even if no homes are built in the subdivision, maintenance and test records must be maintained to meet state requirements. We use this fee to offset these costs so that when you are ready to connect, the system will be ready for you.

Our next rate is for when you build your home and tie on, this rate is \$49.42 per month. For this payment we will treat the wastewater to the highest standards and dispose of it into a drip emitter field. We use the fixed film system of treating the wastewater because of it's reliability and it can be maintained more cost effectively than other systems. This is a fully automated PLC controlled system for the utmost reliability. You will additionally install a septic and pump tank at your home at your expense. We will pump and maintain the septic tank, pump tank and components at no additional cost to you. It should be noted that we do not maintain any plumbing or unstop any blockages in your home or the outfall line to the septic tank.

Additional charges are as follows:

- Service disconnect \$40.00
- Service reconnect all past due amounts with late fees and \$50.00
- Returned Check Fee \$25.00
- A 5% late fee will be added to the total bill on the lot of any month in which we have not received your payment.

A complete copy of our tariff or billing amounts is available for viewing at our office during normal business hours by appointment

Now for connecting, we have a set of specifications that must be followed and are included in this packet. You must get a permit from Jefferson County Environmental Health before starting work. Before you can connect to the Evergreene Utility Services, LLC Service Connection you must sign and return your Sewer Service Contract Agreement.

You will need to install a cut off valve between the house and water supply and grant Evergreene Utility Services, LLC exclusive rights to use such valve to cut off water in order to safely stop wastewater flow.

You will have an alarm post next to your pump tank or on your house. If there is a power failure, this alarm might go off after the power comes back on due to residual water needing to be pumped out. Wait at least 2 hours and if the alarm is still going off please call the customer service number. If you have had no power failure and the alarm goes off, call customer service without delay. If you need additional assistance, please call our Customer Service number: 865-622-2452.

All payments will be sent to:

Evergreene Utility Services, LLC
4028 Taliluna Avenue
Knoxville, TN 37919

Again I would like to welcome you to Evergreene Utility Services, LLC and Timberlake Bay Villas. We at Evergreene Utility Services, LLC will do our best to handle your wastewater service needs in an honest and professional manner.

Sincerely,

A handwritten signature in cursive script that reads "Douglas S. Hodge".

Douglas S. Hodge, Ph.D. PMP
Operations Manager
Evergreene Utility Services, LLC

Evergreene Utility Services, LLC

Individual septic tank and pump tank requirements.

Only configurations and equipment approved by Aqua Green Utility Inc. may be used. Not following these configurations shall be cause for disconnect until the specifications are met.

All connections to the septic and dosing will be:

- 4" schedule 40 PVC at not less than 1/8" fall per 1'
- Have an Inspection port relief valve between the septic tank and pump tank. The Inspection port relief valve will be on an elevation of not less than 6" below the elevation where the building outfall line leaves the home. (see approved products)
- Foam core pipe is approved if it meets local code requirements

The line from the pump tank to the main line will be:

- Pressure rated Schedule 40 PVC minimum 1.25 inch
- Have a piece of single strand insulated copper wire included in the ditch turned up in the utility box at the road and alarm post for future locating needs.
- Pumped line from pump tank to service connection should be buried at least 18" deep.

The septic and pump tank must meet the Utility's design requirements:

- All tanks must be on the Utility's approved list. Other tanks may be added to approved list if they meet all requirements. Contact the Utility for details on adding additional equipment to approved list.
- Shall be of a watertight design and all joints must be sealed to stop ground water intrusion and sewage leaks. Concrete/Fiberglass tanks must be 1 piece tanks with sealed lid.
- The septic tank will be a two chamber design at least 1000 gallon capacity.
- The pump tank will be a one chamber design at least 1000 gallon capacity.
- The septic tank will have PVC tees in each end at least 1/3 the water depth.
- The outlet tee will include a septic tank filter.
- The top of the tanks shall not be buried deeper than 24" from the surface.
- The septic tank will include two approved risers to the surface.
- The dosing tank will include one approved riser to the surface.
- The risers will have two forms of entry security. Safety screws in outer lid and a riser pan with cement lid or a safety screen.
- The dosing tank will have an 1.5 inch metal pipe entering at least 46" on center from the bottom of the tank at the riser end. The total length of the installed pump and piping shall be 46" from center of the line entering the tank to the bottom of the pump.
- The pipe in the tank will have a 1/16 hole pointed downward in the tank to relieve air after pump cycle.
- The pump tanks will have an EZ pull adapter for quick pump service.

- All pipes in the dosing tank will be galvanized water pipe, aluminum or stainless steel
- Metal pipe must extend at least 3' from tank toward Utility connection before converting to using PVC.
- The metal elbow shall have a 1/16 hole at a 30 degree downward angle drilled into it
- A non spring check valve shall be connected to the Utility service just inside the Utility service box. This will make a total of two check valves at the service box.

Electrical Connections

- All connections shall meet the national electrical code.
- All connections shall be located outside of the tank.
- An approved alarm post with a high level alarm shall be located at the pump tank riser.
- No electrical connections are allowed inside the pump tank or riser.
- Two 110 volt electrical circuits are required from the house to the alarm post. One 12 gauge dedicated for the pump and one 14 gauge for the alarm, so the alarm will work even if the pump throws a circuit breaker. Wire in PVC conduit or direct burial wire is required.
- The conduit connecting the riser to the alarm post must be sealed so as to keep corrosive gasses from entering the alarm post.

Approved Materials: (contact the Utility in advance to recommend an addition to this list)

Risers: Can use either Orenco System or Polylok System risers as outlined below:

- Orenco: Jeff Brownfield at 423-331-2036
 - 2.000 FL24G-4BU Fiberglass Lid, 24" W/ Urethane Gasket, Angled Core; 4 bolts, Inlet & outlet
 - 2.000 RR2436 Pvc Access Riser, 24" Dia.
 - 2.000 MA320 200 G Epoxy Kit
 - 1.000 SB4 Pvc Splice Box W/4 Cord Grips
 - 1.000 PV55-1817 Simplex Biotube Pump Vault for 24" Riser, 18" Cartridge
- Polylok: www.polylok.com 877-POLYLOK
 - Polylok 3008 HD Heavy Cover or
 - Polylok 3008 RC Light Duty Cover
 - Polylok 3008-RP 24" Riser Pan or
 - Polylok 3008-SS 24" Safety Screen
 - Polylok 3008 24" Riser 6" tall
 - Polylok 3008-R12 24" Riser 1,2" tall
 - Polylok PL-68 Filter Cartridge (septic tank filter)
 - Polylok 3009-AR (adapter ring for plastic tanks)

Alarm Post:

- SJE Rhombus model PSPL20V6HL7 A www.sierhombus.com 1-888-DIALSJE
- Septic Products Inc. - Observer 100 www.septicproducts.com 419-282-5933

EZ pull adapter -EZ-Puller 1.5 inch www.webtrol.com 800-769-7867

Inspection Port Relief Valve 562-304 www.Plum.com 800-462-6991

Septic Tank: 1 piece 2 chamber

- Orenco Step Tank: Jeff Brownfield 423-331-2036
- Norwesco 1050 Septic tanks part number 42250,42248,42283, 42293
www.norwesco.com
- Ashley Cement Tanks: Must be L piece 2 chamber poured tanks with two Polylok 24" risers and sealant between lid and tank.
- Watson Septic, Madisonville, TN
- Dixie Concrete, LaFollette, TN
- Tays Septic, Crossville, TN
- Morrison Tank & Vault, Morrison, TN

Approved Pumps:

- Myers 2NFLs1-8E www.femvers.com 419-289-1144
- Orenco: Jeff Brownfield at 423-331-2036
 - 1.000 PF100511 Effluent Pump; 1/2Hp, 10gpm, 115V, 60Hz, 10' Lead
 - 1.000 HV100BCFCPRX Hose & Valve Assembly, 1" Pressure, w/B,C,FC,X
 - 1.000 MF3A-Y,B,R-27V Fl. Assem.:(Y,B,R);27" step pump vault
 - 1.000 S1ETM Simplex Panel, 115V W/Etm

Some local Installers: (if an installer does poor work, the Utility reserves the right to not allow him/her to do further work) To add your installer, please call the Utility first:
Doug Hodge at 865-622-2452.

For additional technical assistance call Evergreene Utility Services, LLC. 865-622-2452

ATTACHEMENT 2:

**The Flats Resort Letter Requesting EUS Take Over Service of
Decentralized Treatment System and Facility**

ATTACHEMENT 3:

**East Sevier Utility District Correspondence Releasing
State Operating Permit (SOP)**

Steve Tackett

East Sevier County Utility District
P.O. Box 5437
Sevier County, TN 37862
Phone: 865-429-4240

► **Timberlake Bay (The Flats Resort), LLC**

Attn: Mr. Bert Ballowe
2249 Childress Road
Dandridge, TN 37725
865-604-7943

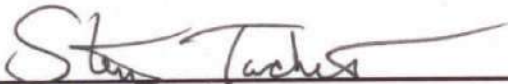
**Tennessee Department of Environment
and Conservation**

Attn: Dr. Robert G. O'Dette
Manager, Municipal Facilities And State of
Tennessee Biosolids Coordinator
Division of Water Pollution Control
6th Floor, L&C Annex 401 Church Street
Nashville, TN 37243-1534
615-253-5319

Dr. O'Dette and Mr. Ballowe,

Per our phone conversation on 9/8/10 with Doug Hodge and attached e-mail, East Sevier County Utility District agrees to the transfer of SOP#08001 for Timberlake Bay (The Flats Resort, LLC) to Evergreene Utility Services, LLC. All of ESCUD's contractual obligations for operation and maintenance/ownership will be completed based on TDEC approval of this transfer.

Please give me a call with any questions.



Steve Tackett

President

East Sevier County Utility District

November 5, 2010

Bert Ballowe
Timberlake Bay Resort
P.O. Box 10621
Knoxville, TN 37919

SUBJECT: Timberlake Bay (The Flats Resort) Wastewater Utility Service
PROJECT: Timberlake Bay

Dear Mr. Ballowe,

As I have discussed with Doug Hodge and submitted in writing to TDEC, ESCUD will be releasing the existing wastewater treatment system and associated utility service to Evergreene Utility Services (EUS). The SOP, outlining this agreement, has been approved and released by TDEC and TRA is in the process of finalizing its review of EUS's application.

Please notify all property owners of the transfer of Utility providers after TRA has provided their final approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Tacket", with a stylized flourish at the end.

Steve Tacket
Manager
East Sevier County Utility District
865-429-4240

ATTACHEMENT 4:
Sworn Pre-filed Testimony

**BEFORE THE TENNESSE REGULATORY AUTHORITY
NASHVILLE, TENNESSE**

January 11, 2011

IN RE:

**PETITION OF EUS TO OBTAIN
A CERTIFICATION OF PUBLIC CONVENIENCE AND NECESSITY
FOR THE SERVICE PART OF JEFFERSON COUNTY, TIMBERLAKE BAY**

DOCKET NO: 10-00206

**TIMBERLAKE BAY
PRE-FILED DIRECT TESTIMONY OF DOUG HODGE**

Question: State your name for the record and your position with the Petitioner, Evergreene Utility Services (EUS), LLC.

Answer: Doug Hodge. I am the operations manager and owner of EUS.

Question: What is the business of EUS?

Answer: To provide environmentally friendly and affordable wastewater service to communities where wastewater service is not currently available. EUS also has an engineering/construction group within the company that will support those technical areas of potential projects.

Question: Is there a need for wastewater service in the proposed development?

Answer: Yes, we have been requested to provide wastewater service by Timberlake Bay. I have included a copy of a letter requesting that the service be provided (attachement 2). Currently, ESCUD is operating the constructed waste water system and has agreed to release the SOP and operation over to EUS (see attached

letter, attachment 3). During the initial SOP submittal approval process, ESCUD confirmed that there were no sewer utility lines in the vicinity of the subdivision and confirmed that there were no current plans for providing service lines. A decentralized treatment system was also required since most of the soils in the development are not suitable for individual septic systems.

Question: What services will EUS provide to Timberlake Bay?

Answer: EUS will provide wastewater service including pumping and maintenance of the step systems at individual homes, maintaining the community main lines, maintaining and operating the treatment plant and drip field. All operation and maintenance will be done in a manor as to meet all requirements of the state operating permit.

Question: Does EUS have the technical, managerial, and financial capability to provide wastewater service to Timberlake Bay?

Answer: Yes, EUS staff and associates have all the necessary technical, managerial, and financial capability to provide wastewater service to Timberlake Bay.

Question: Will EUS abide by all applicable Tennessee statutes and TRA rules governing wastewater utilities?

Answer: Yes, EUS will abide by all applicable Tennessee statutes and TRA rules governing wastewater utilities including but not limited to TRA Rule Chapters 1220-1-1, 1220-4-1 and 1220-4-13.

Question: How many customers will be served in this development?

Answer: EUS will service up to 104 residential/commercial wastewater customers once the subdivision is built out.

Question: Identify any complaints filed with any state regulatory agency involving EUS.

Answer: There have never been any complaints filed against EUS.

Question: Testify to EUS's technical, managerial, and financial expertise to operate a wastewater utility.

Answer: **Technical Experience:** EUS has a strong technical team with a broad skill set and background adequate to support the technical requirements of a wastewater utility. The technical team and their associated degrees/certifications consist of:

a. Dr. Douglas S. Hodge, Ph.D., PMP

- i. Ph.D. Environmental Engineering, Univ. of Southern Calif, 1993
- ii. M.S. Environmental Engineering, Univ. of Southern Calif, 1991
- iii. B.A. Mathematics, Colorado College, 1988
- iv. Project Management Professional, 2010, Certification #1322650

b. Michael Johnson, PE

- i. Registered Professional Engineer (TN), Certification #112003
- ii. BS Civil Engineering, Univ. of Tennessee, 2003

c. Herbert Norton, CWWO

- i. Certified Water and Wastewater Operator (TN), Certification #142
- ii. Wastewater treatment plant operation, East Tennessee State University, 1969

Along with the degrees and certification the team brings to the Utility, its members cumulatively have approximately 70 years of experience in the environmental/water/waste water profession. Dr. Doug Hodge has over 20 years of experience in environment/water/wastewater treatment system design and construction, research & development, design and construction management. He has managed the design and construction of over \$500M worth of projects since the early 90's. His specific experience includes project management responsibility for the design, construction, and operation of approximately 10 water/waste water treatment facilities with cumulative installed cost of approximately \$70 M with flowrates of approximately 7 million gallons per day. For approximately 3 years, Dr. Hodge was also the Operations Manager for these systems, directly responsible for the O&M team, cost accounting group, contracts group, and other technical discipline support groups.

Mr. Norton, EUS's O&M Lead, has over 40 years of experience in the water and wastewater. He has managed municipal operations for the Cities of Newport and Dandridge, TN from 1968 through 2003. He has a grade 2 wastewater treatment plant and distribution and collection systems license. He has the experience to manage all aspects of the O&M for the Timberlake Bay De-centralized system.

Mike Johnson, EUS's Engineering Lead, is a Professional Engineer with water/waste water design experience. He has worked as a Project Manager and Project Engineer on many large design/construction projects and his specific responsibilities will include site layout design, grading design, stormwater collection/management design, water and sewer utility design, hydrology studies, surveying/mapping, horizontal/vertical road design, traffic control design for street/highway construction, erosion and sediment control design/inspection, feasibility studies, flood analysis studies and reports, bridge/culvert design pertaining to hydrology/hydraulic design, documentation of construction inspections pertaining to pay requests, preparation of permit applications and supporting documents for Federal, State and local regulatory agencies (e.g., TDEC stormwater permitting, stream/wetland alterations and rehabilitations, TDOT permits, FEMA NFIP and Flood Plain Management Procedures, etc.) for all projects.

Managerial Experience: EUS has a strong managerial team consisting of a board of directors, operations manager, project controls (accountant) lead, Legal contracts lead, sales and marketing lead, engineering design lead, construction lead, and O&M lead. The following figure outlines EUS's organizational structure with associated responsible individuals:



Dr. Hodge is a Certified Project Management Professional (PMP) with extensive experience in managing large teams of individuals and groups. Over the last 10 years, he has worked for several large design/construction/O&M companies with direct responsibility for over 600 individuals. The Utility Management structure has been designed based on this experience defining key positions, roles and responsibilities, and assigning the right individuals for the positions. Along with Dr Hodge, Herb Norton, and Mike Johnson, Roger Goins and Pete Dayton will support the management team. Their degrees and certifications are listed below:

d. Roger Goins, CPA

- i. BS Accounting, University of Tennessee
- ii. Certified Professional Accountant

e. Pete Dayton, WCO

- i. BS Mathematics, University of Tennessee, 1966
- ii. Masters of Business Administration (MBA), University of Tennessee, 1968
- iii. Warranted Contracting Officer, State of Tennessee, 1990

Mr. Goins will be responsible for all project controls, billing supervision, monthly accounting, and annual preparation of taxes and required annual reports. Mr. Goins is a TN CPA and has over 30 years of experience with accounting and specifically the State of TN accounting practices. In addition, Mr. Goins is currently the CPA/project controls lead for Martel Utility District, is registered with the State as providing utility accounting support, and currently is following all professional practices required to meet TRA accounting requirements.

Mr. Dayton will be responsible for all legal and contractual issues. Mr. Dayton offers 25 years experience in providing leadership and management oversight of operations, including operations and program management, business development, and contract management. His extensive experience includes negotiating and managing all types of contracts for engineering, construction, environmental services and infrastructure support services. Mr. Dayton was the Director of Procurement and Contracts for the U.S. Department of Energy in Oak Ridge, Tennessee where he was responsible for overseeing the negotiation

and administration of contracts and financial assistance instruments totaling over \$2 billion annually. In this position he was also responsible for overseeing the Oak Ridge Small Business Program that consistently ranked as the best in DOE. Following his retirement from DOE, Mr. Dayton became the Operations Manager for Federal Operations at Jacobs Engineering Group where he led several departments and regional operations with up to 360 line managers, project managers and staff across the U.S. This staff was involved in the execution of up to \$100 million of environmental and engineering projects for the Department of Energy, Air Force, Army Corps of Engineers, and the Army Chemical Demilitarization Program.

Financial Experience: As outlined above, EUS's team brings strong financial experience to the Utility. The team members have worked with other organizations performing similar activities that will be required to run the financial side of the utility. Of specific note is Dr. Hodge's PMP certification and Mr. Goins CPA and experience with the Martel Utility District.

Question: Explain the public need for a wastewater treatment system in the requested area.

Answer: Currently there are no municipal waste water utility lines that support the main road to the development and the lot layout/soils of the development do not meet TDEC's individual home septic system requirements. Based on these restrictions and discussions with ESCUD and TDEC, in 2007 the decision was made by the developer to install a decentralized treatment system to support the 104 homes in the development. Phase I of this system was installed in 2009 and operations commenced in 2009.

Question: Describe any commercial customers EUS will provide service to.

Answer: 1 out of the 104 customers anticipated for 2011 will be commercial customers. This customer is the clubhouse/pool operated by Timberlake Bay HOA.

Question: Describe EUS's financial ability to operate a wastewater utility by providing detailed information of all funding available and professional accounting expertise.

Answer: In 2011, EUS plans to finance the operation and maintenance of the decentralized system through the

following major revenue streams associated with the Timberlake Bay:

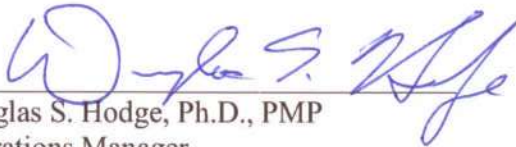
Resident Customer Monthly Fee	Monthly Fee	2	\$ 49.42	\$ 99	\$ 1,186
Commercial Overnight Rental property owners	Monthly Fee	1	\$ 102.53	\$ 103	\$ 1,230
Tap Fees Collected	Tap Fee	51	\$ 855.00	\$ 3,634	\$ 43,605
Tap fees that will be collected from unpaid lot owners	Tap Fee	18	\$ 855.00	\$ 1,283	\$ 15,390
Return Check Fee	Returned check	1	\$ 25.00	\$ 2	\$ 25
Late Fees and Back Payment	Late fee	1	\$ 2.00	\$ 0	\$ 2
Disconnect Fees	Disconnect	1	\$ 40.00	\$ 3	\$ 40
Reconnect Fees	Reconnect	1	\$ 50.00	\$ 4	\$ 50
Subtotal				\$ 5,787	\$ 69,448

As part of TRA's CCN application, EUS has prepared a detail 5 year anticipated revenue and expense analysis that can be included in this Testimony as directed. EUS's professional accounting expertise has been described in detail in the answer to the 3rd question included in this testimony. In summary, our account, Roger Goins, is a CPA who has worked directly with TRA and is the responsible accountant for the Martel Utility District. He is familiar with all TRA accounting/reporting requirements and has directed EUS in the preliminary setup of the EUS's accounting system to track and categorize utility costs per TRA's requirements. Dr. Hodge is a certified professional in project management and project controls practices (PMP) and has been the operations manager responsible for annual revenues in excess of \$50M per year. EUS's annual revenue for 2011 is anticipated to be approximately \$160K.

Question: Does this conclude your pre-filed testimony?

Answer: Yes

I swear that the foregoing testimony is true and correct to the best of my knowledge and belief.



Douglas S. Hodge, Ph.D., PMP
Operations Manager

Subscribed and sworn to me this 7th day of March 2011

Notary Public Melissa Dills

County of KNOX

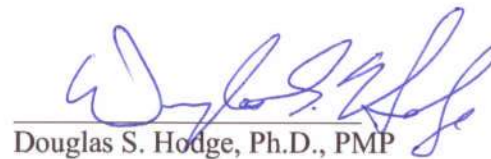
My Commission Expires 09-06-2011



CERTIFICATE OF SERVICE

The undersigned hereby certifies that the above and foregoing Pre-filed testimony of Doug Hodge has been served upon the Tennessee Regulatory Authority, 460 James Robertson Parkway, Nashville, Tennessee 37243. By the method of incorporation into this submittal documentation.

On this 7th day of March 2011


Douglas S. Hodge, Ph.D., PMP

ATTACHEMENT 5:

State Operating Permit Timberlake Bay

ATTACHEMENT 6:

Evergreene Utility Services Articles of Incorporation

ATTACHEMENT 7:

State of TN Business License

ATTACHEMENT 8:
Degrees & Certificates of EUS Staff

ATTACHEMENT 9:

Timberlake Bay Decentralized Treatment Facility

Engineering Drawings

ATTACHEMENT 10:
Build Out Cost Analysis (5-yr)

Timberlake Bay Waste Water Treatment System

Estimated Costs and Revenues For Year 2011

Assumptions:	2011	2012	2013	2014	2015	Total
Total number of lots in subdivision	104	104	104	104	104	
Number of non-resident property owners	66	72	76	80	84	
Developer owned (non-resident fees apply)	35	27	21	15	9	
Number of resident property owners	2	4	6	8	10	
Commercial property owner - Clubhouse/Pool	1	1	1	1	1	
Number of property owners not attached to System	63	67	69	71	73	
Unsold lots	35	27	21	15	9	
Annual residents providing tap fee	1	2	2	2	2	9

Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Routine Maintenance						
Maintenance Operator Cost (Non-resident)	Lots	101	\$ 5	\$ 505	\$ 6,060	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & clubhouse)	Homes	3	\$ 16.71	\$ 50	\$ 602	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for residence service.
Accounting, tax preparation books setup	Hours	2	\$ 50	\$ 100	\$ 1,200	Amount furnished by EUS's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	3	\$ 1.92	\$ 6	\$ 69	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator and analytical testing	Sampling and Testing	12	\$ 300	\$ 300	\$ 3,600	Based on pricing provided by our operator, Herb Norton, for monthly and quarterly sampling and testing requirements per our SOP.
Performance Bond	Event	1	\$ 400	\$ 33	\$ 400	Set at 2% of the amount from Athens Insurance (\$20,000 Bond)
Insurance	Coverage	12	\$ 150	\$ 150	\$ 1,800	Based on verbal quote from Athens Insurance.
Office telephone Line	Line	12	\$ 55	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Management Fee	Month	3	\$ 2.00	\$ 6	\$ 72	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	3	\$ 2.80	\$ 8	\$ 101	Based on experience hours and hourly rates on similar projects.
TRA Inspection Fee	Inspection	1	\$ 250	\$ 21	\$ 250	Based on TRA published rates.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Subtotal				\$ 1,289	\$ 15,473	
Non Routine Maintenance						
Septic tank pumping	Pumping Events	4	\$ 240	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event.
Replacing pump & alarm systems	Replacement	2	\$ 1,400	\$ 233	\$ 2,800	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1400.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350.
Subtotal		14			\$ 5,360	
Anticipated Electrical Usage & Costs						
Treatment Pumps				22	\$ 262	Based on 3.5 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Effluent Pumps				2	\$ 25	Based on 0.8 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
UV Lamps & Solenoids				2	\$ 19	Based on 0.4 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Misc.				2	\$ 19	Based on 1.2 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Subtotal				27	\$ 324	
Anticipated Annual Billing Cost						
Postage	postage	70	\$ 0.64	\$ 44.80	\$ 538	
Printing	page	280	\$ 0.10	\$ 28.00	\$ 336	
Paper	page	280	\$ 0.05	\$ 14.00	\$ 168	
Labor	page	280	\$ 0.50	\$ 140.00	\$ 1,680	
Misc.	page	280	\$ 0.05	\$ 14.00	\$ 168	
Subtotal					\$ 2,890	
TOTAL ESTIMATED EXPENSES					\$ 24,047	
Estimated Revenue						
Fees Charged to Customers						
Non Resident Customer Access Fee	Access Fee	66	\$ 10.00	\$ 660	\$ 7,920	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	2	\$ 49.42	\$ 99	\$ 1,186	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	1	\$ 102.53	\$ 103	\$ 1,230	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Tap Fees Collected	Tap Fee	51	\$ 855.00	\$ 3,634	\$ 43,605	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners. \$ are in an Escrow
Tap fees that will be collected from unpaid lot owners	Tap Fee	18	\$ 855.00	\$ 1,283	\$ 15,390	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Return Check Fee	Returned check	1	\$ 25.00	\$ 2	\$ 25	Estimate based on experience
Late Fees and Back Payment	Late fee	1	\$ 2.00	\$ 0	\$ 2	Estimate based on experience
Disconnect Fees	Disconnect	1	\$ 40.00	\$ 3	\$ 40	Estimate based on experience
Reconnect Fees	Reconnect	1	\$ 50.00	\$ 4	\$ 50	Estimate based on experience

Subtotal				\$ 5,787	\$ 69,448	
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<i>Estimated Escrow Requirements</i>						
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Escrow Calculations						
Number of years included in calculation					1	
Number of customers					104	
Estimated Annual Non Routine Maintenance					\$ 5,360	
Annual Escrow \$ per customer					\$ 52	

Monthly Escrow \$ per customer					\$ 4.29	
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<i>Estimated Yearly Income</i>	<i>2011</i>	\$ 45,402
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Timberlake Bay Waste Water Treatment System

Estimated Costs and Revenues For Year 2012

Assumptions:	2012	2013	2014	2015
Total number of lots in subdivision	104	104	104	104
Number of non-resident property owners	72	76	80	84
Developer owned (non-resident fees apply)	27	21	15	9
Number of resident property owners	4	6	8	10
Commercial property owner - Clubhouse/Pool	1	1	1	1
Number of property owners not attached to System	67	69	71	73
Unsold lots	27	21	15	9
Annual residents providing tap fee	2	2	2	2

Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Routine Maintenance						
Maintenance Operator Cost (Non-resident)	Lots	99	\$ 5.00	\$ 495	\$ 5,940	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & clubhouse)	Homes	5	\$ 16.71	\$ 84	\$ 1,003	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for residence service.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by EUS's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	5	\$ 1.92	\$ 10	\$ 115	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator and analitical testing	Sampling and Testing	12	\$ 300.00	\$ 300	\$ 3,600	Based on pricing provided by our operator, Herb Norton, for monthly and quarterly sampling and testing requirements per our SOP.
Performance Bond	Event	1	\$ 400.00	\$ 33	\$ 400	Set at 2% of the amount from Athens Insurance (\$20,000 Bond)
Insurance	Coverage	12	\$ 150.00	\$ 150	\$ 1,800	Based on verbal quote from Athens Insurance.
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Management Fee	Month	5	\$ 2.00	\$ 10	\$ 120	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	5	\$ 2.80	\$ 14	\$ 168	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
TRA Inspection Fee	Inspection	1	\$ 250	\$ 21	\$ 250	Based on TRA published rates.
Subtotal				\$ 1,326	\$ 15,916	
Non Routine Maintenance						
Septic tank pumping	Pumping Events	4	\$ 240	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event.
Replacing pump & alarm systems	Replacement	2	\$ 1,400	\$ 233	\$ 2,800	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1400.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement
Subtotal		14			\$ 5,360	
Anticipated Electrical Usage & Costs						
Treatment Pumps				24	\$ 286	Based on 3.5 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Effluent Pumps				2	\$ 27	Based on 0.8 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
UV Lamps & Solenoids				2	\$ 20	Based on 0.4 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Misc.				2	\$ 20	Based on 1.2 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Subtotal				30	\$ 354	
Anticipated Annual Billing Cost						
Postage	postage	78	\$ 0.64	\$ 49.92	\$ 599	
Printing	page	312	\$ 0.10	\$ 31.20	\$ 374	
Paper	page	312	\$ 0.05	\$ 15.60	\$ 187	
Labor	page	312	\$ 0.50	\$ 156.00	\$ 1,872	
Misc.	page	312	\$ 0.05	\$ 15.60	\$ 187	
Subtotal					\$ 3,220	
TOTAL ESTIMATED EXPENSES					\$ 24,850	
Estimated Revenue						
Fees Charged to Customers						
Non Resident Customer Access Fee	Access Fee	72	\$ 10.00	\$ 720	\$ 8,640	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	4	\$ 49.42	\$ 198	\$ 2,372	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	1	\$ 102.53	\$ 103	\$ 1,230	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Tap Fees Collected	Tap Fee	2	\$ 855.00	\$ 143	\$ 1,710	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners. \$ are in an Escrow Account held by Foothills Title Company
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 855.00	\$ -	\$ -	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Return Check Fee	Returned check	2	\$ 25.00	\$ 4	\$ 50	Estimate based on experience
Late Fees and Back Payment	Late fee	2	\$ 2.00	\$ 0	\$ 4	Estimate based on experience
Disconnect Fees	Disconnect	1				Estimate based on experience
Reconnect Fees	Reconnect	1	\$ 40.00	\$ 3	\$ 40	Estimate based on experience

Subtotal				\$ 1,171	\$ 14,047	
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<i>Estimated Escrow Requirements</i>						
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Escrow Calculations						
Number of years included in calculation					1	
Number of customers					104	
Estimated Annual Non Routine Maintenance					\$ 5,360	
Annual Escrow \$ per customer					\$ 52	

Monthly Escrow \$ per customer					\$ 4.29	
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<i>Estimated Yearly Income</i>	<i>2012</i>	<i>\$ (10,803)</i>
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Timberlake Bay Waste Water Treatment System

Estimated Costs and Revenues For Year 2013

Assumptions:	2013	2014	2015		
Total number of lots in subdivision	104	104	104		
Number of non-resident property owners	76	80	84		
Developer owned (non-resident fees apply)	21	15	9		
Number of resident property owners	6	8	10		
Commercial property owner - Clubhouse/Pool	1	1	1		
Number of property owners not attached to System	69	71	73		
Unsold lots	21	15	9		
Annual residents providing tap fee	2	2	2		

Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Routine Maintenance						
Maintenance Operator Cost (Non-resident)	Lots	97	\$ 5.00	\$ 485	\$ 5,820	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & clubhouse)	Homes	7	\$ 16.71	\$ 117	\$ 1,404	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for residence service.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by EUS's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	7	\$ 1.92	\$ 13	\$ 161	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator and analytical testing	Sampling and Testing	12	\$ 300.00	\$ 300	\$ 3,600	Based on pricing provided by our operator, Herb Norton, for monthly and quarterly sampling and testing requirements per our SOP.
Performance Bond	Event	1	\$ 400.00	\$ 33	\$ 400	Set at 2% of the amount from Athens Insurance (\$20,000 Bond)
Insurance	Coverage	12	\$ 150.00	\$ 150	\$ 1,800	Based on verbal quote from Athens Insurance.
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Management Fee	Month	7	\$ 2.00	\$ 14	\$ 168	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	7	\$ 2.80	\$ 20	\$ 235	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
TRA Inspection Fee	Inspection	1	\$ 250	\$ 21	\$ 250	Based on TRA published rates.
Subtotal				\$ 1,363	\$ 16,358	
Non Routine Maintenance						
Septic tank pumping	Pumping Events	4	\$ 240	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event.
Replacing pump & alarm systems	Replacement	2	\$ 1,400	\$ 233	\$ 2,800	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1400.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350.
Subtotal		14			\$ 5,360	
Anticipated Electrical Usage & Costs						
Treatment Pumps				26	\$ 311	Based on 3.5 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Effluent Pumps				2	\$ 29	Based on 0.8 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
UV Lamps & Solenoids				2	\$ 22	Based on 0.4 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Misc.				2	\$ 22	Based on 1.2 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Subtotal				32	\$ 384	
Anticipated Annual Billing Cost						
Postage	postage	84	\$ 0.64	\$ 53.76	\$ 645	
Printing	page	336	\$ 0.10	\$ 33.60	\$ 403	
Paper	page	336	\$ 0.05	\$ 16.80	\$ 202	
Labor	page	336	\$ 0.50	\$ 168.00	\$ 2,016	
Misc.	page	336	\$ 0.05	\$ 16.80	\$ 202	
Subtotal					\$ 3,468	
TOTAL ESTIMATED EXPENSES					\$ 25,570	
Estimated Revenue						
Fees Charged to Customers						
Non Resident Customer Access Fee	Access Fee	76	\$ 10.00	\$ 760	\$ 9,120	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	6	\$ 49.42	\$ 297	\$ 3,558	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Commercial Overnight Rental property owners	Monthly Fee	1	\$ 102.53	\$ 103	\$ 1,230	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected	Tap Fee	2	\$ 855.00	\$ 143	\$ 1,710	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners. \$ are in an Escrow Account held by Foothills Title Company
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 855.00	\$ -	\$ -	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Return Check Fee	Returned check	3	\$ 25.00	\$ 6	\$ 75	Estimate based on experience
Late Fees and Back Payment	Late fee	3	\$ 2.00	\$ 1	\$ 6	Estimate based on experience
Disconnect Fees	Disconnect	1				Estimate based on experience
Reconnect Fees	Reconnect	1	\$ 40.00	\$ 3	\$ 40	Estimate based on experience

Subtotal				\$ 1,312	\$ 15,740	
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Estimated Escrow Requirements						
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Escrow Calculations						
Number of years included in calculation					1	
Number of customers					104	
Estimated Annual Non Routine Maintenance					\$ 5,360	
Annual Escrow \$ per customer					\$ 52	

Montly Escrow \$ per customer					\$ 4.29	
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Estimated Yearly Income	2013	\$ (9,830)
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Timberlake Bay Waste Water Treatment System

Estimated Costs and Revenues For Year 2014

Assumptions:	2014	2015		
Total number of lots in subdivision	104	104		
Number of non-resident property owners	80	84		
Developer owned (non-resident fees apply)	15	9		
Number of resident property owners	8	10		
Commercial property owner - Clubhouse/Pool	1	1		
Number of property owners not attached to System	71	73		
Unsold lots	15	9		
Annual residents providing tap fee	2	2		

Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Routine Maintenance						
Maintenance Operator Cost (Non-resident)	Lots	95	\$ 5.00	\$ 475	\$ 5,700	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & clubhouse)	Homes	9	\$ 16.71	\$ 150	\$ 1,805	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for residence service.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by EUS's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	9	\$ 1.92	\$ 17	\$ 207	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator and analytical testing	Sampling and Testing	12	\$ 300.00	\$ 300	\$ 3,600	Based on pricing provided by our operator, Herb Norton, for monthly and quarterly sampling and testing requirements per our SOP.
Performance Bond	Event	1	\$ 400.00	\$ 33	\$ 400	Set at 2% of the amount from Athens Insurance (\$20,000 Bond)
Insurance	Coverage	12	\$ 150.00	\$ 150	\$ 1,800	Based on verbal quote from Athens Insurance.
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Management Fee	Month	9	\$ 2.00	\$ 18	\$ 216	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	9	\$ 2.80	\$ 25	\$ 302	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
TRA Inspection Fee	Inspection	1	\$ 250	\$ 21	\$ 250	Based on TRA published rates.
Subtotal				\$ 1,400	\$ 16,800	
Non Routine Maintenance						
Septic tank pumping	Pumping Events	4	\$ 240	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event.
Replacing pump & alarm systems	Replacement	2	\$ 1,400	\$ 233	\$ 2,800	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1400.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350.
Subtotal		14			\$ 5,360	
Anticipated Electrical Usage & Costs						
Treatment Pumps				28	\$ 335	Based on 3.5 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Effluent Pumps				3	\$ 32	Based on 0.8 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
UV Lamps & Solenoids				2	\$ 24	Based on 0.4 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Misc.				2	\$ 24	Based on 1.2 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Subtotal				35	\$ 415	
Anticipated Annual Billing Cost						
Postage	postage	90	\$ 0.64	\$ 57.60	\$ 691	
Printing	page	360	\$ 0.10	\$ 36.00	\$ 432	
Paper	page	360	\$ 0.05	\$ 18.00	\$ 216	
Labor	page	360	\$ 0.50	\$ 180.00	\$ 2,160	
Misc.	page	360	\$ 0.05	\$ 18.00	\$ 216	
Subtotal					\$ 3,715	
TOTAL ESTIMATED EXPENSES					\$ 26,290	
Estimated Revenue						
Fees Charged to Customers						
Non Resident Customer Access Fee	Access Fee	80	\$ 10.00	\$ 800	\$ 9,600	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	8	\$ 49.42	\$ 395	\$ 4,744	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Commercial Overnight Rental property owners	Monthly Fee	1	\$ 102.53	\$ 103	\$ 1,230	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected	Tap Fee	2	\$ 855.00	\$ 143	\$ 1,710	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners. \$ are in an Escrow Account held by Foothills Title Company
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 855.00	\$ -	\$ -	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Return Check Fee	Returned check	4	\$ 25.00	\$ 8	\$ 100	Estimate based on experience
Late Fees and Back Payment	Late fee	4	\$ 2.00	\$ 1	\$ 8	Estimate based on experience
Disconnect Fees	Disconnect	1				Estimate based on experience
Reconnect Fees	Reconnect	1	\$ 40.00	\$ 3	\$ 40	Estimate based on experience

Subtotal				\$ 1,453	\$ 17,433	
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<i>Estimated Escrow Requirements</i>						
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Escrow Calculations						
Number of years included in calculation					1	
Number of customers					104	
Estimated Annual Non Routine Maintenance					\$ 5,360	
Annual Escrow \$ per customer					\$ 52	

Montly Escrow \$ per customer					\$ 4.29	
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<i>Estimated Yearly Income</i>	<i>2014</i>	<i>\$ (8,858)</i>
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Timberlake Bay Waste Water Treatment System

Estimated Costs and Revenues For Year 2015

Assumptions:	2015				
Total number of lots in subdivision	104				
Number of non-resident property owners	84				
Developer owned (non-resident fees apply)	9				
Number of resident property owners	10				
Commercial property owner - Clubhouse/Pool	1				
Number of property owners not attached to System	73				
Unsold lots	9				
Annual residents providing tap fee	2				

Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Routine Maintenance						
Maintenance Operator Cost (Non-resident)	Lots	93	\$ 5.00	\$ 465	\$ 5,580	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & clubhouse)	Homes	11	\$ 16.71	\$ 184	\$ 2,206	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for residence service.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by EUS's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	11	\$ 1.92	\$ 21	\$ 253	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator and analytical testing	Sampling and Testing	12	\$ 300.00	\$ 300	\$ 3,600	Based on pricing provided by our operator, Herb Norton, for monthly and quarterly sampling and testing requirements per our SOP.
Performance Bond	Event	1	\$ 400.00	\$ 33	\$ 400	Set at 2% of the amount from Athens Insurance (\$20,000 Bond)
Insurance	Coverage	12	\$ 150.00	\$ 150	\$ 1,800	Based on verbal quote from Athens Insurance.
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Management Fee	Month	11	\$ 2.00	\$ 22	\$ 264	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	11	\$ 2.80	\$ 31	\$ 370	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
TRA Inspection Fee	Inspection	1	\$ 250	\$ 21	\$ 250	Based on TRA published rates.
Subtotal				\$ 1,437	\$ 17,243	
Non Routine Maintenance						
Septic tank pumping	Pumping Events	4	\$ 240	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event.
Replacing pump & alarm systems	Replacement	2	\$ 1,400	\$ 233	\$ 2,800	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1400.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350.
Subtotal		14			\$ 5,360	
Anticipated Electrical Usage & Costs						
Treatment Pumps				30	\$ 360	Based on 3.5 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Effluent Pumps				3	\$ 34	Based on 0.8 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
UV Lamps & Solenoids				2	\$ 26	Based on 0.4 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Misc.				2	\$ 26	Based on 1.2 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Subtotal				37	\$ 445	
Anticipated Annual Billing Cost						
Postage	postage	96	\$ 0.64	\$ 61.44	\$ 737	
Printing	page	384	\$ 0.10	\$ 38.40	\$ 461	
Paper	page	384	\$ 0.05	\$ 19.20	\$ 230	
Labor	page	384	\$ 0.50	\$ 192.00	\$ 2,304	
Misc.	page	384	\$ 0.05	\$ 19.20	\$ 230	
Subtotal					\$ 3,963	
TOTAL ESTIMATED EXPENSES					\$ 27,011	
Estimated Revenue						
Fees Charged to Customers						
Non Resident Customer Access Fee	Access Fee	84	\$ 10.00	\$ 840	\$ 10,080	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	10	\$ 49.42	\$ 494	\$ 5,930	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Commercial Overnight Rental property owners	Monthly Fee	1	\$ 102.53	\$ 103	\$ 1,230	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected	Tap Fee	2	\$ 855.00	\$ 143	\$ 1,710	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners. \$ are in an Escrow Account held by Foothills Title Company
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 855.00	\$ -	\$ -	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Return Check Fee	Returned check	5	\$ 25.00	\$ 10	\$ 125	Estimate based on experience
Late Fees and Back Payment	Late fee	5	\$ 2.00	\$ 1	\$ 10	Estimate based on experience
Disconnect Fees	Disconnect	1				Estimate based on experience
Reconnect Fees	Reconnect	1	\$ 40.00	\$ 3	\$ 40	Estimate based on experience

Subtotal				\$ 1,594	\$ 19,126	
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Estimated Escrow Requirements						
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Escrow Calculations						
Number of years included in calculation					1	
Number of customers					104	
Estimated Annual Non Routine Maintenance					\$ 5,360	
Annual Escrow \$ per customer					\$ 52	

Montly Escrow \$ per customer					\$ 4.29	
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Estimated Yearly Income	2015	\$ (7,885)
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Timberlake Bay Waste Water Treatment System

Estimated Costs and Revenues For 5 Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
<i>Revenue: Monthly Fees</i>	\$ 69,448	\$ 14,047	\$ 15,740	\$ 17,433	\$ 19,126	\$ 135,793
<i>Estimated Expenses</i>	\$ 24,047	\$ 24,850	\$ 25,570	\$ 26,290	\$ 27,011	\$ 127,768
<i>Estimate Profit</i>	\$ 45,402	\$ (10,803)	\$ (9,830)	\$ (8,858)	\$ (7,885)	\$ 8,025

ATTACHEMENT 11:
Timberlake Bay Subdivision Plans

ATTACHEMENT 12:

Chart of Accounts

ATTACHEMENT 13:
Performance Bond

CORPORATE SURETY BOND

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

REFERENCE: Evergreene Utility Services, LLC

Company ID: _____
Corporate Surety Bond #: 0010225
Effective Date: 1/31/11
Expiration Date: 1/31/12

Evergreene Utility Services, LLC, as Principal, and Companion Property and Casualty Insurance Company, a corporation created and existing under the laws of _____, as Surety, (Hereinafter called "Surety") are bound to the State of Tennessee in the sum of exactly Twenty Thousand and 00/100 Dollars (\$20,000), and Principal and Surety hereby bind themselves, their successors and assigns, to pay in accordance with the following terms:

THE CONDITION OF THIS BOND IS:

The Principal is or intends to become a public wastewater utility subject to the laws of the State of Tennessee and the rules and regulations of the Tennessee Regulatory Authority ("Authority"), relating to the operation of a public wastewater utility: (describe utility and location
Timber Lake Bay Wastewater Treatment Facility, Sevierville TN
).

Tennessee Code Annotated § 65-4-201 requires the holder of a franchise for wastewater service to furnish a bond with sufficient surety, as approved by the Authority, conditioned as prescribed in Tenn. Comp. R. & Regs. Chapter 1220-4-13.

The Principal and Surety have delivered to the Authority a Surety Bond with an endorsement as required by the Authority.

After notice to the Principal and Surety and a contested case hearing that results in the suspension or revocation of the Principal's Certificate of Public Convenience and Necessity (CCN), the replacement of an operator by the Authority, or the appointment of a receiver by a court, the Authority may assess a sum sufficient of this bond, up to its maximum sum, to enable the continued operation of the public wastewater utility.

The Principal and the Surety are held and firmly bound to the State of Tennessee, in accordance with the provisions of Tenn. Comp. R. & Regs. Chapter 1220-4-13, in the amount of Twenty Thousand Dollars (\$ 20,000) lawful money of the United States of America to be used for the full and prompt payment of any monetary obligation imposed against the Principal, its representatives, successors or assigns, in any contested case proceeding brought under Chapter 1220-4-13, by or on behalf of the Authority, for which obligation the Principal and the Surety bind themselves, their representatives, successors and assigns, each jointly and severally, firmly and unequivocally by these presents.

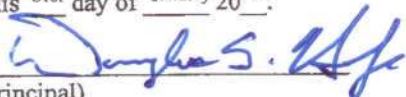
Upon entry of an Order that finds a monetary obligation pursuant to Chapter 1220-4-13, and delivery to the Surety of a Bond Notice, substantially in the form set forth below ("Notice"), the Surety promises to pay, by wire transfer of immediately available funds, the amount of the monetary obligation as stated in the Order and Notice.

If for any reason, the Surety Bond is not to be renewed upon its expiration, the Surety shall, at least sixty (60) days prior to the expiration date of the Surety Bond, provide written notification by means of certified mail, return receipt requested, to the Tennessee Regulatory Authority, that the Surety Bond will not be renewed beyond the then current maturity date for an additional period. Before the date of expiration, the public wastewater utility shall provide the Tennessee Regulatory Authority with a replacement Surety Bond or petition consistent with Rule 1220-4-13-.07(5). Failure to have approved financial security in effect will subject the public wastewater utility to daily penalties pursuant to Tenn. Code Ann. § 65-4-120.

The bond shall become effective after execution by the Principal and Surety and upon filing with the Authority, and shall continue from year to year unless the obligations of the Principal under this bond are expressly released by the Authority in writing.

The Principal and Surety consent to the conditions of this Bond and agree to be bound by them.

This 31st day of January 2011.


(Principal)

Companion Property and Casualty Insurance Co.
(Surety)

By: 
David R. Brett, Attorney-in-Fact

June, 2006



COMPANION PROPERTY AND CASUALTY INSURANCE COMPANY

P.O. Box 100165 (29202)

51 Clemson Road

Columbia, SC 29229

GENERAL POWER OF ATTORNEY

Know all men by these Presents, that the COMPANION PROPERTY AND CASUALTY INSURANCE COMPANY had made, Constituted and appointed, and by these presents does make, Constitute and appoint Andrew C. Heaner of Atlanta, Georgia; Richard L. Shanahan of Atlanta, Georgia; Stefan E. Tauger of Parker, Colorado; Arthur S. Johnson of Atlanta, Georgia; Martha G. Ross of Charlotte, North Carolina; James E. Feldner of West Lake, Ohio; Jeffery L. Booth of Parma, Ohio; Cheryl L. Torrao of Lutz, Florida; Melanie J. Stokes of Atlanta, Georgia; Garry W. Black of Murfreesboro, Tennessee; David R. Brett of Columbia, South Carolina; Donald J. Kersey of Birmingham, Alabama; Donald H. Gibbs of Atlanta, Georgia; Diane L. McLain of Fitchburg, Wisconsin; Julie Deupree of Birmingham, Alabama; Jason S. Centrella of Jacksonville, Florida; or Brian Clark of Charlotte, North Carolina, EACH as its true and lawful attorney for it and its name, place and stead to execute on behalf of the said company, as surety, bonds, undertakings and contracts of suretyship to be given to all obligees provided that no bond or undertaking or contract of suretyship executed under this authority shall exceed in amount of the sum of **\$1,000,000 (One Million dollars)**.

This Power of Attorney is granted and is signed and sealed by facsimile under and by the authority of the following Resolution adopted pursuant to due authorization by the Executive Committee of the Board of Directors of the COMPANION PROPERTY AND CASUALTY INSURANCE COMPANY on the 19th day of May, 2008.

RESOLVED, that the Chairman, President or any Vice President of the Company be, and that each or any of them hereby is, authorized to execute Powers of Attorney qualifying the attorney named in the given Power of Attorney to execute in behalf of the COMPANION PROPERTY AND CASUALTY INSURANCE COMPANY bonds, undertakings and all contracts of suretyship; and that any Officer, Secretary or any Assistant Secretary be, and that each or any of them hereby is, authorized to attest the execution of any such Power of Attorney, and to attach thereto the seal of the Company.

FURTHER RESOLVED, that the signature of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed and in the future, with respect to any bond undertaking or contract of suretyship to which it is attached.

In Witness Whereof, the COMPANION PROPERTY AND CASUALTY INSURANCE COMPANY has caused its official seal to be hereto affixed, and these presents to be signed by its President and attested by its Vice President this 16th day of AUGUST, 2010.

Attest: COMPANION PROPERTY AND CASUALTY INSURANCE COMPANY

By: 

Charles M. Potok, President




Curtis C. Stewart, Vice President & CFO

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

On this 16th day of AUGUST, 2010, before me personally came the above named officers to me known, who being by me duly sworn, did depose and say that they reside in Columbia, in the County of Richland, State of SC, at Columbia; that they are the President and Vice President & CFO of COMPANION PROPERTY AND CASUALTY INSURANCE COMPANY, the corporation described in and which executed the above instrument; that they know the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed and that they signed their names thereto pursuant to due authorization.

 Notary Public, State of SC, qualified in Richland County

Commission Expires: 7/14/14

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, the undersigned, an officer of COMPANION PROPERTY AND CASUALTY INSURANCE COMPANY, a South Carolina Corporation DO HEREBY CERTIFY that the foregoing and attached Power of Attorney remains in full force and has not been revoked; and furthermore, that the Resolution of the Executive Committee of the Board of Directors set forth in the Power of Attorney is now in force.

Signed and sealed at the City of Columbia, Dated the 31st day of January, 2011.

Bond No. 0010225



Curtis C. Stewart, Vice President & CFO

Number 28875

ATTACHEMENT 14:
Pro Forma Income Statement (2-yr)

Timberlake Bay Waste Water Treatment System

Estimated Costs and Revenues For Year 2011

Assumptions:	2011	2012	2013	2014	2015	Total
Total number of lots in subdivision	104	104	104	104	104	
Number of non-resident property owners	66	72	76	80	84	
Developer owned (non-resident fees apply)	35	27	21	15	9	
Number of resident property owners	2	4	6	8	10	
Commercial property owner - Clubhouse/Pool	1	1	1	1	1	
Number of property owners not attached to System	63	67	69	71	73	
Unsold lots	35	27	21	15	9	
Annual residents providing tap fee	1	2	2	2	2	9

Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Routine Maintenance						
Maintenance Operator Cost (Non-resident)	Lots	101	\$ 5	\$ 505	\$ 6,060	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & clubhouse)	Homes	3	\$ 16.71	\$ 50	\$ 602	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for residence service.
Accounting, tax preparation books setup	Hours	2	\$ 50	\$ 100	\$ 1,200	Amount furnished by EUS's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	3	\$ 1.92	\$ 6	\$ 69	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator and analytical testing	Sampling and Testing	12	\$ 300	\$ 300	\$ 3,600	Based on pricing provided by our operator, Herb Norton, for monthly and quarterly sampling and testing requirements per our SOP.
Performance Bond	Event	1	\$ 400	\$ 33	\$ 400	Set at 2% of the amount from Athens Insurance (\$20,000 Bond)
Insurance	Coverage	12	\$ 150	\$ 150	\$ 1,800	Based on verbal quote from Athens Insurance.
Office telephone Line	Line	12	\$ 55	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Management Fee	Month	3	\$ 2.00	\$ 6	\$ 72	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	3	\$ 2.80	\$ 8	\$ 101	Based on experience hours and hourly rates on similar projects.
TRA Inspection Fee	Inspection	1	\$ 250	\$ 21	\$ 250	Based on TRA published rates.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Subtotal				\$ 1,289	\$ 15,473	
Non Routine Maintenance						
Septic tank pumping	Pumping Events	4	\$ 240	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event.
Replacing pump & alarm systems	Replacement	2	\$ 1,400	\$ 233	\$ 2,800	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1400.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350.
Subtotal		14			\$ 5,360	
Anticipated Electrical Usage & Costs						
Treatment Pumps				22	\$ 262	Based on 3.5 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Effluent Pumps				2	\$ 25	Based on 0.8 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
UV Lamps & Solenoids				2	\$ 19	Based on 0.4 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Misc.				2	\$ 19	Based on 1.2 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Subtotal				27	\$ 324	
Anticipated Annual Billing Cost						
Postage	postage	70	\$ 0.64	\$ 44.80	\$ 538	
Printing	page	280	\$ 0.10	\$ 28.00	\$ 336	
Paper	page	280	\$ 0.05	\$ 14.00	\$ 168	
Labor	page	280	\$ 0.50	\$ 140.00	\$ 1,680	
Misc.	page	280	\$ 0.05	\$ 14.00	\$ 168	
Subtotal					\$ 2,890	
TOTAL ESTIMATED EXPENSES					\$ 24,047	
Estimated Revenue						
Fees Charged to Customers						
Non Resident Customer Access Fee	Access Fee	66	\$ 10.00	\$ 660	\$ 7,920	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	2	\$ 49.42	\$ 99	\$ 1,186	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	1	\$ 102.53	\$ 103	\$ 1,230	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Tap Fees Collected	Tap Fee	51	\$ 855.00	\$ 3,634	\$ 43,605	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners. \$ are in an Escrow
Tap fees that will be collected from unpaid lot owners	Tap Fee	18	\$ 855.00	\$ 1,283	\$ 15,390	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Return Check Fee	Returned check	1	\$ 25.00	\$ 2	\$ 25	Estimate based on experience
Late Fees and Back Payment	Late fee	1	\$ 2.00	\$ 0	\$ 2	Estimate based on experience
Disconnect Fees	Disconnect	1	\$ 40.00	\$ 3	\$ 40	Estimate based on experience
Reconnect Fees	Reconnect	1	\$ 50.00	\$ 4	\$ 50	Estimate based on experience

Subtotal				\$ 5,787	\$ 69,448	
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<i>Estimated Escrow Requirements</i>						
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Escrow Calculations						
Number of years included in calculation					1	
Number of customers					104	
Estimated Annual Non Routine Maintenance					\$ 5,360	
Annual Escrow \$ per customer					\$ 52	

Montly Escrow \$ per customer					\$ 4.29	
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<i>Estimated Yearly Income</i>	2011	\$ 45,402
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Timberlake Bay Waste Water Treatment System

Estimated Costs and Revenues For Year 2012

Assumptions:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total number of lots in subdivision	104	104	104	104
Number of non-resident property owners	72	76	80	84
Developer owned (non-resident fees apply)	27	21	15	9
Number of resident property owners	4	6	8	10
Commercial property owner - Clubhouse/Pool	1	1	1	1
Number of property owners not attached to System	67	69	71	73
Unsold lots	27	21	15	9
Annual residents providing tap fee	2	2	2	2

Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Routine Maintenance						
Maintenance Operator Cost (Non-resident)	Lots	99	\$ 5.00	\$ 495	\$ 5,940	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & clubhouse)	Homes	5	\$ 16.71	\$ 84	\$ 1,003	Cost based on the amount EUS & Associates will charge to maintain the wastewater system wastewater components for residence service.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by EUS's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	5	\$ 1.92	\$ 10	\$ 115	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator and analitical testing	Sampling and Testing	12	\$ 300.00	\$ 300	\$ 3,600	Based on pricing provided by our operator, Herb Norton, for monthly and quarterly sampling and testing requirements per our SOP.
Performance Bond	Event	1	\$ 400.00	\$ 33	\$ 400	Set at 2% of the amount from Athens Insurance (\$20,000 Bond)
Insurance	Coverage	12	\$ 150.00	\$ 150	\$ 1,800	Based on verbal quote from Athens Insurance.
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Management Fee	Month	5	\$ 2.00	\$ 10	\$ 120	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	5	\$ 2.80	\$ 14	\$ 168	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
TRA Inspection Fee	Inspection	1	\$ 250	\$ 21	\$ 250	Based on TRA published rates.
Subtotal				\$ 1,326	\$ 15,916	
Non Routine Maintenance						
Septic tank pumping	Pumping Events	4	\$ 240	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event.
Replacing pump & alarm systems	Replacement	2	\$ 1,400	\$ 233	\$ 2,800	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1400.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement
Subtotal		14			\$ 5,360	
Anticipated Electrical Usage & Costs						
Treatment Pumps				24	\$ 286	Based on 3.5 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Effluent Pumps				2	\$ 27	Based on 0.8 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
UV Lamps & Solenoids				2	\$ 20	Based on 0.4 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Misc.				2	\$ 20	Based on 1.2 hours/day of operation, 365 days per year, \$0.08758 per kWatthr.
Subtotal				30	\$ 354	
Anticipated Annual Billing Cost						
Postage	postage	78	\$ 0.64	\$ 49.92	\$ 599	
Printing	page	312	\$ 0.10	\$ 31.20	\$ 374	
Paper	page	312	\$ 0.05	\$ 15.60	\$ 187	
Labor	page	312	\$ 0.50	\$ 156.00	\$ 1,872	
Misc.	page	312	\$ 0.05	\$ 15.60	\$ 187	
Subtotal					\$ 3,220	
TOTAL ESTIMATED EXPENSES					\$ 24,850	
Estimated Revenue						
Fees Charged to Customers						
Non Resident Customer Access Fee	Access Fee	72	\$ 10.00	\$ 720	\$ 8,640	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	4	\$ 49.42	\$ 198	\$ 2,372	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	1	\$ 102.53	\$ 103	\$ 1,230	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Tap Fees Collected	Tap Fee	2	\$ 855.00	\$ 143	\$ 1,710	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners. \$ are in an Escrow Account held by Foothills Title Company
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 855.00	\$ -	\$ -	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Return Check Fee	Returned check	2	\$ 25.00	\$ 4	\$ 50	Estimate based on experience
Late Fees and Back Payment	Late fee	2	\$ 2.00	\$ 0	\$ 4	Estimate based on experience
Disconnect Fees	Disconnect	1				Estimate based on experience
Reconnect Fees	Reconnect	1	\$ 40.00	\$ 3	\$ 40	Estimate based on experience

Subtotal				\$ 1,171	\$ 14,047	
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<i>Estimated Escrow Requirements</i>						
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Escrow Calculations						
Number of years included in calculation					1	
Number of customers					104	
Estimated Annual Non Routine Maintenance					\$ 5,360	
Annual Escrow \$ per customer					\$ 52	

Montly Escrow \$ per customer					\$ 4.29	
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<i>Estimated Yearly Income</i>	2012	\$ (10,803)
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Timberlake Bay Waste Water Treatment System

Estimated Costs and Revenues For 2 Years

	<u>2011</u>	<u>2012</u>	<u>Total</u>
<i>Estimated Revenue</i>	\$ 69,448	\$ 14,047	\$ 83,495
<i>Estimated Expenses</i>	\$ 24,047	\$ 24,850	\$ 48,897
<i>Estimated Income</i>	\$ 45,402	\$ (10,803)	\$ 34,598

ATTACHEMENT 15:

Operation and Maintenance Contract (EUS and The Flats Resort, LLC)

WASTEWATER SERVICE AGREEMENT

This Agreement is entered into this 7 day of December, 2009, by and between Evergreene Utility Services, LLC ("EUS") and Timberlake Bay, LLC, a Tennessee limited liability company ("Developer").

WITNESSETH:

Whereas, EUS is a utility company that provide wastewater services. Whereas, the Developer has requested EUS to make a commitment to provide wastewater services to Timberlake Bay; and Whereas, the EUS is willing and able to provide wastewater services to Timberlake Bay upon the terms, provisions and conditions hereinafter set out, all of which are acceptable to the Developer.

NOW, THEREFORE, for and in consideration of the mutual covenants of the parties, and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. Developer has a subdivision in Sevier County, Tennessee, which development will be known as Timberlake Bay ("Development"). The Development consists of one hundred and three (103) residential units. In addition, the Development shall consist of one (1) club house (1) swimming pools. Attached hereto as Exhibit 1 is a copy of a general concept plan for the Development.
2. EUS hereby agrees to and will provide wastewater services to the Development.
3. EUS will provide wastewater services to the Development using a wastewater disposal system ("System") commonly referred to as an "onsite wastewater treatment system." The

System consists of two fundamental sections: (a) the collection lines, and (b) the treatment plant. The treatment plant as defined for this Agreement includes the drip fields. Each of the 103 separate cabin buildings, club house and pool will have a Septic Tank Efficient Pumping ("STEP") unit and pump. From the STEP units, the wastewater will be pumped to the treatment plant.

4. Developer has had the Waste Water Treatment System designed and installed. Currently, ESCUD is operating the system. This operation will be turned over to EUS once full approvals are granted by the TRA and TDEC.
5. Developer will cause to be provided to EUS a one-year warranty on the design and construction of the System such that any failure or defect in design, material, workmanship, functionality, or operation which occurs within one (1) year of the Commencement Date (as defined in section 8) will be rectified, repaired or replaced at no charge to EUS. Developer warrants to EUS that the materials, equipment, functionality, and workmanship of the System will be new and of good quality, that the work will be free from defects and that the work will conform to the requirements of the design plans and specifications. Work not conforming to these requirements, including substitutions not properly approved and authorized by EUS, may at EUS's option be considered defective.
6. On or before the execution of this Agreement, Developer will provide the following to EUS for EUS to obtain the necessary permit and approvals to construct and operate the System for the Development:
 - a. Developer shall submit three (3) sets of complete Tennessee Department of Environment and Conservation (TDEC) approved, stamped plans and specifications, together with all calculations, engineering reports, approval letters, and discharge

permits; and

- b. Developer shall submit two complete sets of all other surveying and engineering documents for the Development including, without limitation, road profiles, storm water drainage and utility drawings, and survey plats.
7. Upon the acceptance for use by EUS, EUS will own, operate and maintain the System beginning on the Commencement Date as set forth in section 8.
8. The Commencement Date shall be the date when EUS assumes formal responsibility for the operation of the System. EUS will execute a Memorandum of Commencement establishing the Commencement Date for purposes of this Agreement. Effective with the Commencement Date, ownership of any and all components, parts and equipment of the System will immediately become the property of EUS. This Ownership transfer and commencement date require full approval from the Tennessee Regulatory Authority (TRA) and TDEC prior to the system being transferred.
9. Developer shall provide documents which are a current representation of the utility easement areas which are to be EUS easements. Such easements shall also reflect all current as-built conditions and any possible future areas. These as-built easements shall be indicated on the final subdivision plat with metes and bounds before EUS will approve the final plat. Developer shall provide a ten (10) foot easement for all collection lines, and these easements shall be shown on the final plat. The easements may be included in the easements dedicated for other utility easements as specified in the Sevier County Zoning and Subdivision Regulations.
10. Developer shall provide as-built drawings of all components of the System. As-built drawings shall be presented in AutoCAD format or similarly compatible format.
11. Developer shall provide all finalized construction documents including approved shop

drawings, operation and maintenance manuals, vendor information, warranty information, instructional manuals, and other relevant materials regarding the design, construction, and operation of the System.

12. Developer's design engineer of record shall certify the inspection and construction of the System based upon the design engineer's observation of the construction. The engineer shall also certify that the System has been designed in accordance with sound engineering practices and in compliance with all laws, regulations, rules, ordinances, and engineering practices applicable to such systems, that the System is fully operational and that the System is ready to be used as designed and intended. Developer shall provide documents stating that all components of the treatment plant and drip field area shall have a permanent ingress/egress easement. Said ingress/egress shall be, at a minimum, a roadbed which is drivable during wet weather conditions in order to provide access for repair and maintenance purposes. Developer's engineer shall provide a document stating that all federal, state, and local permits have been obtained.
13. Developer agrees that EUS may require additional equipment and appurtenances to be constructed and to be paid for by Developer at the reasonable discretion of EUS although such additional equipment and appurtenances may not be included on the plans. The current system maximum handling capacity is 12,000 gallons per day. If additional capacity is required, such equipment and appurtenances may include, but are not limited to, treatment Pods, tanks, maintenance/equipment building for the plant, fencing with lockable gates around the plant and maintenance building, signage, and gravel surface within the boundaries of the plant fencing. Any design and construction fees for such additional equipment and appurtenances shall be approved and paid by Developer.
14. EUS will operate and maintain the System and provide wastewater service

("service") to the Development in accordance with the following:

- a. All applicable building structures in the Development will be required to install the wastewater service line and connectors as specified by EUS.
 - b. Each residential unit will be charged the published wastewater rates and charges of EUS. The furnishing of service will be governed by EUS rules, regulations and policies. As of the date of this Agreement, EUS's monthly service rate for wastewater service is \$49.42 for residential home and \$102.53 for commercial (clubhouse/pool).
 - c. Each residential unit (lot) that does not contain a structure will be charged and annual service rate of \$120.
 - d. The maintenance, repair or replacement of the wastewater service lines from each of the 103 buildings to the STEP unit and the maintenance, repair or replacement of the STEP unit and pump for each cabin building to the sewer main shall be the responsibility of the owner of the cabin building.
 - e. The maintenance, repair or replacement of the wastewater service lines from the club house/pool to the STEP unit and the maintenance, repair or replacement of the STEP unit and pump for the clubhouse/pool shall be the responsibility of the owner of the club house/pool.
15. Upon the execution of this Agreement, Developer agrees to pay EUS \$10,000 to cover EUS's legal, engineering and administrative expenses related to this Development and to provide EUS revenue to operate the System until a sufficient number of residential units begin paying for service to cover EUS's operating expenses.
16. When Developer closes on a residential unit in the development, Developer will collect at the closing on each residential unit EUS's wastewater disposal deposit in the amount of

\$1,100 and EUS's tap fee in the amount of \$1,100.00. These fees will be promptly tendered to EUS by the agent conducting the closing. Developer will include EUS's Wastewater Service Agreement with the closing documents for each residential unit and will be responsible for causing the residential unit owner to execute such Agreement at or prior to closing. Developer shall deliver the fully executed Wastewater Service Agreement and fees to EUS within ten (10) business days of the residential unit closing. Developer agrees that failure on the part of Developer or the closing agent to collect such fees from residential unit purchasers shall not absolve Developer of the responsibility of tendering such fees to EUS within the ten (10) business day time period specified herein.

17. Developer agrees to provide to each Residential Unit Purchaser EUS's STEP System Policy as shown in Exhibit 2.
18. Developer will cause to be installed in the water supply line serving each residential unit or units, on the owner's side of the water meter, prior to any branch in the water supply line, a lockable valve to which EUS will have access. EUS will provide in its Wastewater Service Agreement (referred to in section 13) that EUS shall have the authority to turn off the water supply to the home in the event the monthly wastewater bill is not paid for a period of sixty (60) days. Additionally, Developer will incorporate into the disposal line, prior to the STEP unit, a locked valve box which valve will be closed and locked as of completion of the construction. The valve will be opened by EUS personnel upon receipt by EUS of the account balance plus all late fees and reconnection fees.
19. Performance pursuant to the terms and conditions of this Agreement is contingent on the receipt of a letter or other written acknowledgement from each necessary governmental authority, utility district, or other public utility to the effect that no such entity plans or intends to extend sewer service to the Development within the next twelve (12) months. The

letters should be in substantially the form attached hereto as collective Exhibit 3. Developer shall bear the responsibility for procuring these letters which shall be addressed directly to EUS.

20. Developer will further cause the following language, or similar language as agreed in advance between EUS and Developer, to be incorporated into all restrictions and protective covenants for Timberlake Bay and, to the extent restrictions or protective covenants are already of record, Developer will cause such recorded restrictions or protective covenants to be amended, in order to include such language as a lien on all real property within the Development:

- a. Developer has contracted with a utility ("Utility") to operate and maintain the wastewater system ("System") serving the Development. There is hereby created and shall be a lien in favor of the Utility against any individual residential units or building structures for default in the payment of any fee or charge imposed by the Utility in the operation of the System which lien shall also secure fees and costs (including attorney fees) incurred by the Utility incident to the collection of such fees or charges or enforcement of such lien, regardless of whether legal action is commenced. Each such fee or charge, together with interest, costs, and attorney fees, shall also be the personal obligation of the person or persons who were the Owner or Owners of the residential unit or building structure at the time when the fees or charges were incurred. In the event of the occurrence of a catastrophic event, an act of God, or any other event beyond the control of the Utility that renders the System inoperable or substantially impairs the operation of the System, the Utility shall have the authority to impose a special assessment on

the owners of all building structures or residential units in order to repair and remediate the System. There shall also be a lien in favor of the Utility against each individual residential unit or building structure to secure the payment of such special assessment, including collection costs and fees (including attorney fees) incurred by the utility. Notwithstanding any other provision of these covenants this lien shall be subordinate to only a first priority purchase money mortgage or first priority purchase money deed of trust.

- b. The maintenance, repair or replacement of the Septic Tank Efficient Pumping ("STEP") units and pumps for the club house and pool shall be the obligation of the homeowners association.

21. Developer may terminate the Agreement prior to the Commencement Date at Developer's discretion following written notice to EUS of its intent to so terminate subject to the conditions set forth in this section. This Agreement shall not terminate unless and until such time as EUS has received, in a form satisfactory to EUS, its engineers and its counsel, written authorization from the Tennessee Department of Environment and Conservation and the Sevier County Planning Commission acknowledging that EUS has no obligation to provide wastewater service to the Development and releasing EUS from any liability arising as a result of the termination. Developer shall execute a written release releasing EUS from any liability arising as a result of the termination of this Agreement. Developer will forfeit all fees paid to EUS if the Agreement is terminated with the exception of fees paid for residential units prior to the Agreement. Developer will be reimbursed said fees and agrees to return any fees previously paid by a residential unit owner to the residential unit owner.

22. Notwithstanding any other provision of this Agreement and notwithstanding the payment by Developer of the amounts set forth in this Agreement, EUS shall not be obligated to accept the System or commence operations unless and until all of the obligations of Developer and the criteria set forth in this Agreement have met to the sole satisfaction of EUS, EUS's engineers and EUS's consultants. In the event EUS, for whatever reason, fails or refuses to accept the System and commence operations, EUS shall refund the tap fees and wastewater disposal deposits tendered by the Developer, but shall have no other or further liability to Developer or to the owners or units within the Development.
23. Failure to perform any obligation of this Agreement after fourteen (14) calendar days' notice of the failure to perform or within any time period set forth in this Agreement shall constitute an Event of Default by Developer, and EUS may at that time, terminate the Agreement. Such termination will release EUS from any liability to Developer and from any obligation to provide wastewater service to the Development.
24. Any notice or communication required or permitted hereunder shall be in writing and be sent either by: (i) personal delivery service with charges therefore billed to shipper; (ii) overnight delivery service with charges therefore billed to shipper; or (iii) United States Mail, postage prepaid, registered or certified mail, return receipt requested, addressed to Utility or Developer at the respective addresses set forth below:

Utility: Doug Hodge
Evergreen Utility Service
4028 Taliluna Avenue
Knoxville, TN 37919

Developer Bert Ballowe
Timberlake Bay/The Flats Resort, LLC
2249 Childress Road
Dandridge, TN 37725
865-604-7943

Any notice or communication sent as provided herein shall be deemed given or delivered: (i) upon receipt if personally delivered; (ii) upon delivery by an overnight delivery service; or (iii) if sent by the U.S. Postal Service Registered or Certified Mail, on the date appearing on the return receipt, or if there is no date on such return receipt, the receipt date shall be presumed to be the postmark date appearing on such return receipt. If delivery is refused or cannot be made, the notice date shall be the date of attempted delivery as evidenced by the appropriate notations made by the Postal Service. Either party may change its address by notice to the other party in the manner set forth above at least ten (10) days prior to such change.

This Agreement contains the entire agreement of the parties, and any and all other prior agreements, discussions, or understandings are merged herein. This Agreement may not be modified except in writing signed by all parties hereto. This provision may not be orally waived.

IN WITNESS THEREOF, the parties have hereunto set their hands, effective the year and date first above written.

THE FLATS RESORT (TIMBERLAKE BAY), LLC



By: _____

Title: Managing Member

Date: 12/7/09

EVERGREENE UTILITY SERVICES, LLC



By: _____

Title: Operations Manager

Date: 12/07/09

ATTACHEMENT 16:

TDEC Letter of Acceptance of Transfer of WWTS



**STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
401 CHURCH STREET
L & C ANNEX 6TH FLOOR
NASHVILLE TN 37243
October 27, 2010**

Mr. Steve Tackett, President
East Sevier County Utility District
1529 Alpine Drive
Sevierville, TN 37876

Mr. Douglas S. Hodge, Ph.D., PMP, Manager
Evergreene Utility Services, LLC
4028 Taliluna Avenue
Knoxville, TN 37919

Subject: **Transfer of SOP Permit No. SOP-08001
The Flats Resort aka Timberlake Bay Subdivision
Sevierville, Sevier County, Tennessee**

Dear Sirs:

The Division of Water Pollution Control acknowledges the receipt via email on October 7, 2010, of the transfer agreement correspondence signed by you, Mr. Tackett and Mr. Ballowe (the developer) regarding transfer of SOP-08001 from the East Sevier County Utility District to Evergreene Utility Service, LLC, effective November 08, 2010. The correspondence is deemed to comply with the automatic transfer provision of Part II.3.b of the permit.

The division allows this transfer on the bases that Evergreene Utility Services, LLC will obtain a Certificate of Convenience and Necessity (CCN) from the Tennessee Regulatory Authority to provide public sewer service as a privately-owned public utility and completion of the contractual obligations for operation and maintenance/ownership between East Sevier County Utility District, Evergreene Utility Services, LLC, and The Flat Resorts, LLC. Failure to follow through on either of these conditions will be cause for termination of the permit pursuant to Rule 1200-4-5-.07(2)d.

If you have questions, please contact the division at the Knoxville Environmental Field Office at 1-888-891-TDEC; or, at this office, please contact Mr. Wade Murphy at (615) 532-0666 or by E-mail at wade.murphy@tn.gov.

Sincerely:

A handwritten signature in black ink, appearing to read "Vojin Janjic", is written over a horizontal line.

Vojin Janjic
Manager, Permit Section

CC: DWPC, Permit Section & Knoxville Environmental Field Office
Ms. Patsy Fulton, Tennessee Regulatory Authority, patsy.fulton@tn.gov

ATTACHEMENT 17:

Sevier Utility District Letter

November 5, 2010

Bert Ballowe
Timberlake Bay Resort
P.O. Box 10621
Knoxville, TN 37919

SUBJECT: Timberlake Bay (The Flats Resort) Wastewater Utility Service
PROJECT: Timberlake Bay

Dear Mr. Ballowe,

As I have discussed with Doug Hodge and submitted in writing to TDEC, ESCUD will be releasing the existing wastewater treatment system and associated utility service to Evergreene Utility Services (EUS). The SOP, outlining this agreement, has been approved and released by TDEC and TRA is in the process of finalizing its review of EUS's application.

Please notify all property owners of the transfer of Utility providers after TRA has provided their final approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Tacket", with a stylized flourish at the end.

Steve Tacket
Manager
East Sevier County Utility District
865-429-4240



OFFICE OF CITY MANAGER

January 14, 2011

Mr. Douglas S. Hodge, PhD., PMP
Operations Manager
Evergreen Utility Services, LLC
4028 Taliluna Avenue
Knoxville, Tennessee 37919

Dear Ms. Hodge:

Please accept this letter as a response to your correspondence to Mayor Mike Helton regarding Timberlake Bay Subdivision.

Specifically, this is to verify that the City of Gatlinburg has no current intent to provide wastewater utility service to the Timberlake Bay Subdivision located at 2502 White Timberlake Drive, Sevierville, Tennessee 37864. If you have questions or desire clarification, please let me know.

Sincerely,

Cindy Cameron Ogle
City Manager

CCO/jv

Doug

From: Eric Brackins [ebrackins@cityofpigeonforge.com]
Sent: Thursday, January 13, 2011 1:52 PM
To: hodge.dsh@gmail.com
Subject: RE: Request for information

Thanks for your inquiry. The City of Pigeon Forge has no plans to extend sewer to the property as it is outside of the city limits.

Thank You
Eric Brackins

From: City of Pigeon Forge [<mailto:cityhall@cityofpigeonforge.com>]
Sent: Thursday, January 13, 2011 12:11 PM
To: 'Earlene'
Cc: 'Eric Brackins'
Subject: FW: Request for information

From: Doug [<mailto:hodge.dsh@gmail.com>]
Sent: Thursday, January 13, 2011 9:13 AM
To: cityhall@cityofpigeonforge.com
Subject: Request for information

Please find the attached document containing a request for information.

Thank you.

Douglas S. Hodge, Ph.D., PMP

Operations Manager

4028 Taliluna Avenue

Knoxville, TN 37919

P: 865-755-8066

F: 865-851-8351

Doug

From: Matt Ballard [Matt.Ballard@SCUDGAS.ORG]
Sent: Thursday, January 13, 2011 10:15 AM
To: 'Doug'
Cc: Alan Devan
Subject: RE: Request

Dear Dr. Hodge,

SCUD is a natural gas utility only. To formally answer your request, SCUD does not intend to provide wastewater utility service to Timberlake Bay Subdivision. Thank you.

Matt Ballard
President



*In the end, the only people who
fail are those who do not try.*

From: Doug [<mailto:hodge.dsh@gmail.com>]
Sent: Thursday, January 13, 2011 9:25 AM
To: Matt Ballard
Subject: Request

Please find attached the following request.

Thank you.

Douglas S. Hodge, Ph.D., PMCP
Operations Manager
4028 Taliluna Avenue
Knoxville, TN 37919
P: 865-755-8066
F: 865-851-8351

TOWN OF PITTMAN CENTER

In The Great Smokies

2839 Webb Creek Road
Sevierville, TN 37876
Telephone: (865) 436-5499
Fax: (865) 430-9359

January 19, 2011

Mr. Douglas S. Hodge, Ph.D., PMP
Operations Manager
Evergreene Utility Services, LLC
4028 Taliluna Avenue
Knoxville, TN 37919

Dear Mr. Hodge:

This shall confirm that the Town of Pittman Center has no current intent to provide wastewater utility service to the Timberlake Bay Subdivision in Sevierville, Tennessee.

Sincerely yours,



Glenn Cardwell
Mayor

GC:sh

Fax: 865.453.5923
Office: 865.453.3882



315 Prince St. • P.O. Box 5375
Sevierville, TN 37862

January 18, 2011

Mr. Douglas Hodge
Evergreen Utility Services, LLC.
4028 Taliluna Avenue
Knoxville, TN 37919

Re: Timberlake Bay Utility Service

Dear Mr. Hodge:

In response to your letter dated January 11, 2011, and on behalf of the Mayor Larry Waters, this letter is intended to verify that Sevier County has no means and therefore no intentions of providing wastewater utility service to Timberlake Bay Subdivision.

If you have questions or if I can assist further, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Ownby".

Jeff Ownby
Sevier County Planner

cc: Mayor Larry Waters

Doug

From: lynn Valentine [lynnvtud@bellsouth.net]
Sent: Tuesday, January 18, 2011 2:49 PM
To: hodge.dsh@gmail.com
Subject: Timberlake Bay Subdivision

Mr. Hodge,

Tuckaleechee Utility District serves around 4000 customers in and around the area southern Seymour, south and southeast through Walland and Townsend toward the Smokey Mountains National Park. The Timberlake Bay Subdivision does not appear to be in our district. We however only service the potable water of the area. So to answer your question we do not have any conflict with Evergreen Utility Services providing wastewater services the mentioned subdivision.

Thank You
Lynn Valentine
District Manager
Tuckaleechee Utility District

ATTACHEMENT 18:

Subcontracts

SUBCONSULTANT AGREEMENT No. 001_
FOR
PROFESSIONAL SERVICES

THIS AGREEMENT, entered into this 1st day of January, 2011, by and between **Evergreene Utility Services, LLC** with offices at *4028 Taliluna Avenue, Knoxville, TN 37919 865-755-8066* hereinafter referred to as "EUS" and Pete Dayton located at 545 Farragut Commons Drive, Farragut, TN 37934, hereinafter referred to as **SUBCONSULTANT**.

WHEREAS, EUS may enter into future contracts with Subdivisions that require Wastewater Utility Service (CLIENT) for the purposes of furnishing certain professional services in connection with Wastewater Utility; and

WHEREAS, EUS desires **SUBCONSULTANT** to perform certain professional services in connection with **CLIENT** requirements and **SUBCONSULTANT** desires to perform such services.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

I. SCOPE OF WORK

SUBCONSULTANT shall perform in a proper manner, satisfactory to **EUS**, the technical services as more fully described in Attachment A. "Scope of Work" which is attached hereto and incorporated herein by reference.

II. TIME OF PERFORMANCE

The services to be performed hereunder shall commence upon receipt by **SUBCONSULTANT** of a written "Notice to Proceed" and shall be completed in accordance with the schedule set forth in Attachment A. This Agreement will remain in effect for one year from the date of the Notice To Proceed. The Agreement can be renewed for an additional year upon written notification signed by both parties, prior to the expiration of the period of performance, that the Agreement will be extended for an additional year. This option to extend the contract for an additional one year period will continue indefinitely at the mutual approval of both parties.

III. COMPENSATION AND PAYMENT

For satisfactory performance of the services described above, **EUS** shall pay to **SUBCONSULTANT** the compensation provided for in Attachment B, "Payment" which is attached hereto and incorporated herein by reference. After receipt and approval by **EUS** of **SUBCONSULTANT's** invoice prepared in such form and supported by such documents as **EUS** may reasonably require, **EUS** will include **SUBCONSULTANT's** invoice with **EUS's** regular billings to the **CLIENT**. **EUS** will make payment to the **SUBCONSULTANT** within ten (10) days after receipt of payment from the **CLIENT** for work performed by **SUBCONSULTANT**.

IT IS UNDERSTOOD AND AGREED TO BY THE SUBCONSULTANT THAT PAYMENT FROM CLIENT TO EUS FOR WORK PERFORMED BY SUBCONSULTANT IS A CONDITION PRECEDENT FOR PAYMENT TO SUBCONSULTANT FROM EUS.

IV. COMPLIANCE WITH LAWS

SUBCONSULTANT shall observe and abide by all applicable laws, ordinances and regulations of federal, state and local governments, in connection with the work performed hereunder.

V. SUBCONTRACT AND ASSIGNMENT

This Agreement may not be assigned or subcontracted, in whole or part, without the prior written consent of **EUS**. Approval by **EUS** of any subcontractor shall not relieve the **SUBCONSULTANT** of any liability or responsibility for the proper performance of the work under this Agreement.

VI. INSPECTIONS

All work performed by **SUBCONSULTANT** shall be subject to the quality inspection and approval by **EUS** at all times, but such approval shall not relieve **SUBCONSULTANT** of responsibility for the proper performance of the work. **SUBCONSULTANT** shall provide sufficient, safe and proper facilities at all times for such inspection of the work, and shall furnish all information concerning the

work, and grant **EUS's** duly authorized representatives free access at all reasonable times to **SUBCONSULTANT's** facilities where the work under this Agreement is to be performed.

VII. CHANGES

EUS shall have the right, at any time prior to completion of the work to direct changes in this Agreement, including but not limited to, change in the Scope of Work. If the change causes an increase or decrease in the cost of, or the time required for the **SUBCONSULTANT's** performance under this Agreement; the **SUBCONSULTANT** must submit to **EUS** within ten (10) days after receipt of the change notice any request for adjustment. **EUS** will issue an addendum to this Agreement for equitable adjustments.

VIII. TERMINATION FOR CONVENIENCE

a) **EUS** shall have the right at any time to terminate this Agreement in whole, or in part, by written notice to **SUBCONSULTANT**. Upon receipt of this notice the **SUBCONSULTANT** shall immediately discontinue performance, will not place any further orders and will promptly cancel all orders to subcontractors.

b) In the event of termination for convenience **EUS** shall pay, in accordance with Article III above, the **SUBCONSULTANT** for all work performed and accepted by **EUS** prior to termination, plus the profit due for the work performed. However, in no event shall **EUS** be obligated to pay more than the Agreement value less any previously paid funds.

SUBCONSULTANT shall have the right at any time to terminate this Agreement in whole, or in part, by written notice to **EUS**. Prior to termination and cessation of work **SUBCONSULTANT** will complete all work and reports that comprise the approved **PROJECT**, and submit same to **EUS** and **CLIENT** prior to cessation of work.

IX. DEFAULT

a) Should the **SUBCONSULTANT** breach any provisions of this Agreement **EUS** shall have the rights and remedies provided by law or under these terms and conditions.

b) **EUS** shall have the right at any time to terminate this Agreement in whole, or in part, if the **SUBCONSULTANT** fails to perform any of its obligations or if the **SUBCONSULTANT** fails to give **EUS** assurance of adequate performance within ten (10) working days after written request by **EUS** for such assurances.

c) In the event of a breach of the Agreement **EUS** may:

1) Declare the **SUBCONSULTANT** to be in default.

2) Cancel this Agreement in whole or in part.

3) Withhold payment of any further funds which may be due the **SUBCONSULTANT** until the default is corrected.

4) Pursue any and all other remedies afforded by law.

X. INDEMNIFICATION AND INSURANCE

a) **SUBCONSULTANT** shall indemnify, defend and hold harmless **EUS** and **CLIENT**, and their respective officers, agents, servants and employees from and against all claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from the **SUBCONSULTANT's** negligent acts, errors or omissions in the performance of the services under this Agreement.

b) With respect to its indemnification obligation hereunder, **SUBCONSULTANT** hereby assumes the entire responsibility and liability for any and all damages or injury (including death resulting therefrom) to employees of the **SUBCONSULTANT** caused by, resulting from, arising out of or occurring in connection with the performance of the services under this Agreement, and if any claims for such damage or injury (including death resulting therefrom) be made or asserted, whether or not such claims are based upon **EUS's** or **CLIENT's** alleged or actual negligent acts, errors or omissions, **SUBCONSULTANT** agrees to indemnify, defend and hold harmless **EUS** and **CLIENT**, and their respective officers, agents, servants and employees from and against all such claims, damages, losses and expenses, including but not limited to attorneys' fees, that they may directly or indirectly sustain, suffer or incur as a result thereof.

XI. INDEPENDENT CONTRACTOR

The **SUBCONTRACTOR** is an independent contractor and shall not be regarded as an employee or agent of **EUS**. At times, **EUS** may provide **SUBCONSULTANT** business tools, such as email accounts, marketing materials, etc., for use in accomplishing work. However, use of these business tools must always include a disclaimer to identify that **SUBCONSULTANT** is not an **EUS** employee or agent.

XII. CONFIDENTIALITY

No publicity releases (including news releases and advertising) relating to this Agreement or the Work hereunder shall be issued by the **SUBCONSULTANT** without the prior written approval of **EUS**. The **SUBCONSULTANT** will comply at all times with the confidentiality terms established in the Mutual Non-Disclosure Agreement included as Attachment D to this Agreement.

XIII. CONFLICT OF INTEREST

Conflicts can occur from the standpoint of the organization or from personnel. Such conflicts could potentially jeopardize the quality of work due to inadvertent or intentional bias placed on Task Order performance. To avoid such conflicts the **SUBCONTRACTOR** represents, warrants and confirms, for the duration of the Project, that neither **SUBCONTRACTOR** nor any of **SUBCONTRACTOR**'s subcontractors has or has had any commitment to perform services for others or any other obligations or circumstances which conflict with the interest of **EUS**'s or **SUBCONTRACTOR**'s obligations hereunder as specified in the Agreement.

Further, **SUBCONTRACTOR** warrants that, for the duration of the Project, **SUBCONTRACTOR** will not propose to or enter into any agreement or engage in any conduct that would conflict with the interest of **EUS**'s or **SUBCONTRACTOR**'s obligations under this Agreement.

XIV. EXAMINATION OF RECORDS

The **SUBCONSULTANT** agrees that **EUS** will have access to and the right to examine any books, documents, papers and records of any and all the transactions relating to this Agreement. The **SUBCONSULTANT** shall maintain all records for a period of three (3) years after completion of the Work.

XV. OWNERSHIP OF DOCUMENTS

Upon completion and payment in full of all monies due to **SUBCONSULTANT**, all drawings, specifications, reports, information or data prepared by or furnished to **SUBCONSULTANT** in connection with any or all work to be performed under this Agreement shall be the property of **the Client and are considered Works Made for Hire**. The **SUBCONSULTANT** shall have no liability for any claim, liability or cost arising out of any unauthorized reuse or modification by the **SUBCONSULTANT** of any work products without the written authorization of **CLIENT**.

XVI. PARTIAL INVALIDITY

If any term, covenant, condition or provision of this Agreement is found by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect, and shall in no way be affected, impaired or invalidated thereby.

XVII. HEADINGS

Headings in this Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants, and conditions of this Agreement.

XVIII. GOVERNING LAWS

The validity or construction of this Agreement, as well as the rights and duties of the parties hereinunder, shall be governed by the laws of the State specified in the Choice of Law or other applicable clause in the Prime Agreement or, if no such State is specified, then the State of Tennessee.

XIX. COMPLIANCE WITH PRIME AGREEMENT

SUBCONSULTANT hereby agrees to abide and be bound by the terms of Prime Agreement between **EUS** and its client, which is incorporated herein by reference and included as Attachment C to this Agreement. In the event of any conflict between this Agreement and any other document(s), the stricter terms and conditions shall control.

XX. SUPPLEMENTS TO AGREEMENT

The following exhibits, supplements or addendums form an integral part of this Agreement.

- Attachment "A" Scope of Work
- Attachment "B" Compensation and Payment
- Attachment "C" Prime Agreement Terms and Conditions
- Attachment "D" Mutual Non-Disclosure Agreement

XXI. ENTIRE AGREEMENT

This Agreement constitutes the whole agreement between the parties with respect to the subject matter contained herein and there are no terms other than those contained herein. No modification or amendment of this Agreement shall be valid unless in writing and signed by the parties hereto.

EUS & Associates, LLC



Signature

Name: Douglas S. Hodge, Ph.D., PMP

Title: Operations Manager

SUBCONSULTANT

Signature

Name: Pete Datyon_____

Title: Consultant_____

Date: 1/1/11_____

Attachment A

Scope of Work

For the purposes of this Contract, the Scope of Work includes:

- Providing a contracting and legal support and be a member of the board of directors.

Attachment B Compensation and Payment

A. For the performance of services as set forth by this agreement, the SUBCONSULTANT shall be paid **\$75 per hour.**

C. All services should be invoiced within 30 days of final performance. EUS will provide a Subconsultant Invoice Transmittal form to be included with each invoice. ***The completed form may be attached, if so desired.*** Please send the invoice along with the completed Subconsultant Invoice Transmittal form to:

Evergreene Utility Services, LLC
4028 Taliluna Avenue
Knoxville, TN 37919
865-755-8066

Or submit via e-mail to:

hodge.dsh@gmail.com

BORING & GOINS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

2927 ESSARY DRIVE
KNOXVILLE, TN 37918
PHONE (865) 525-6233
FAX (865) 251-1492

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

To the Members
Evergreene Utility Services, LLC
Knoxville, TN 37919

Dear Members:

As we discussed, I would be happy to serve your accounting, tax, and management advisory services needs.

In accordance with standards established by the American Institute of Certified Public Accountants, an engagement letter is necessary to set forth our understanding of the terms and objectives of our relationship, and the nature and limitations of the services to be provided.

I will provide the following services:

I will perform general accounting services and tax preparation for the company each year end. And if found necessary, perform an audit.

Our fees range from \$60 - \$175 per hour based upon the complexity of the service. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

I look forward to working with you and will be happy to discuss this letter and our arrangements with you at any time.

If the foregoing is agreeable to you, please sign this letter in the space provided and return it to me in the enclosed envelope. The second copy is for your files.

Sincerely,



Roger L. Goins, CPA
Boring & Goins, PC

Page 2
Evergreene Utility Services, LLC

Acknowledged:

President

1/11/10

Date

SUBCONSULTANT AGREEMENT No. 001_
FOR
PROFESSIONAL SERVICES

THIS AGREEMENT, entered into this 1st day of January, 2011, by and between **Evergreene Utility Services, LLC** with offices at *4028 Taliluna Avenue, Knoxville, TN 37919 865-755-8066* hereinafter referred to as "EUS" and **DSH & Associates (Mike Johnson)** located at **2531 Jim Henry Road, Dandridge, TN 37725**, hereinafter referred to as **SUBCONSULTANT**.

WHEREAS, EUS may enter into future contracts with **Subdivisions that require Wastewater Utility Service (CLIENT)** for the purposes of furnishing certain professional services in connection with **Wastewater Utility**; and

WHEREAS, EUS desires **SUBCONSULTANT** to perform certain professional and technical services in connection with **CLIENT** requirements and **SUBCONSULTANT** desires to perform such services.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

I. SCOPE OF WORK

SUBCONSULTANT shall perform in a proper manner, satisfactory to **EUS**, the technical services as more fully described in Attachment A. "Scope of Work" which is attached hereto and incorporated herein by reference.

II. TIME OF PERFORMANCE

The services to be performed hereunder shall commence upon receipt by **SUBCONSULTANT** of a written "Notice to Proceed" and shall be completed in accordance with the schedule set forth in Attachment A. This Agreement will remain in effect for one year from the date of the Notice To Proceed. The Agreement can be renewed for an additional year upon written notification signed by both parties, prior to the expiration of the period of performance, that the Agreement will be extended for an

additional year. This option to extend the contract for an additional one year period will continue indefinitely at the mutual approval of both parties.

III. COMPENSATION AND PAYMENT

For satisfactory performance of the services described above, **EUS** shall pay to **SUBCONSULTANT** the compensation provided for in Attachment B, "Payment" which is attached hereto and incorporated herein by reference. After receipt and approval by **EUS** of **SUBCONSULTANT's** invoice prepared in such form and supported by such documents as **EUS** may reasonably require, **EUS** will include **SUBCONSULTANT's** invoice with **EUS's** regular billings to the **CLIENT**. **EUS** will make payment to the **SUBCONSULTANT** within ten (10) days after receipt of payment from the **CLIENT** for work performed by **SUBCONSULTANT**.

IT IS UNDERSTOOD AND AGREED TO BY THE SUBCONSULTANT THAT PAYMENT FROM CLIENT TO EUS FOR WORK PERFORMED BY SUBCONSULTANT IS A CONDITION PRECEDENT FOR PAYMENT TO SUBCONSULTANT FROM EUS.

IV. COMPLIANCE WITH LAWS

SUBCONSULTANT shall observe and abide by all applicable laws, ordinances and regulations of federal, state and local governments, in connection with the work performed hereunder.

V. SUBCONTRACT AND ASSIGNMENT

This Agreement may not be assigned or subcontracted, in whole or part, without the prior written consent of **EUS**. Approval by **EUS** of any subcontractor shall not relieve the **SUBCONSULTANT** of any liability or responsibility for the proper performance of the work under this Agreement.

VI. INSPECTIONS

All work performed by **SUBCONSULTANT** shall be subject to the quality inspection and approval by **EUS** at all times, but such approval shall not relieve **SUBCONSULTANT** of responsibility for the proper performance of the work. **SUBCONSULTANT** shall provide sufficient, safe and proper

facilities at all times for such inspection of the work, and shall furnish all information concerning the work, and grant EUS's duly authorized representatives free access at all reasonable times to SUBCONSULTANT's facilities where the work under this Agreement is to be performed.

VII. CHANGES

EUS shall have the right, at any time prior to completion of the work to direct changes in this Agreement, including but not limited to, change in the Scope of Work. If the change causes an increase or decrease in the cost of, or the time required for the SUBCONSULTANT's performance under this Agreement; the SUBCONSULTANT must submit to EUS within ten (10) days after receipt of the change notice any request for adjustment. EUS will issue an addendum to this Agreement for equitable adjustments.

VIII. TERMINATION FOR CONVENIENCE

a) EUS shall have the right at any time to terminate this Agreement in whole, or in part, by written notice to SUBCONSULTANT. Upon receipt of this notice the SUBCONSULTANT shall immediately discontinue performance, will not place any further orders and will promptly cancel all orders to subcontractors.

b) In the event of termination for convenience EUS shall pay, in accordance with Article III above, the SUBCONSULTANT for all work performed and accepted by EUS prior to termination, plus the profit due for the work performed. However, in no event shall EUS be obligated to pay more than the Agreement value less any previously paid funds.

SUBCONSULTANT shall have the right at any time to terminate this Agreement in whole, or in part, by written notice to EUS. Prior to termination and cessation of work SUBCONSULTANT will complete all work and reports that comprise the approved PROJECT, and submit same to EUS and CLIENT prior to cessation of work.

IX. DEFAULT

a) Should the SUBCONSULTANT breach any provisions of this Agreement EUS shall have the rights and remedies provided by law or under these terms and conditions.

b) **EUS** shall have the right at any time to terminate this Agreement in whole, or in part, if the **SUBCONSULTANT** fails to perform any of its obligations or if the **SUBCONSULTANT** fails to give **EUS** assurance of adequate performance within ten (10) working days after written request by **EUS** for such assurances.

c) In the event of a breach of the Agreement **EUS** may:

1) Declare the **SUBCONSULTANT** to be in default.

2) Cancel this Agreement in whole or in part.

3) Withhold payment of any further funds which may be due the **SUBCONSULTANT** until the default is corrected.

4) Pursue any and all other remedies afforded by law.

X. INDEMNIFICATION AND INSURANCE

a) **SUBCONSULTANT** shall indemnify, defend and hold harmless **EUS** and **CLIENT**, and their respective officers, agents, servants and employees from and against all claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from the **SUBCONSULTANT's** negligent acts, errors or omissions in the performance of the services under this Agreement.

b) With respect to its indemnification obligation hereunder, **SUBCONSULTANT** hereby assumes the entire responsibility and liability for any and all damages or injury (including death resulting therefrom) to employees of the **SUBCONSULTANT** caused by, resulting from, arising out of or occurring in connection with the performance of the services under this Agreement, and if any claims for such damage or injury (including death resulting therefrom) be made or asserted, whether or not such claims are based upon **EUS's** or **CLIENT's** alleged or actual negligent acts, errors or omissions, **SUBCONSULTANT** agrees to indemnify, defend and hold harmless **EUS** and **CLIENT**, and their respective officers, agents, servants and employees from and against all such claims, damages, losses and expenses, including but not limited to attorneys' fees, that they may directly or indirectly sustain, suffer or incur as a result thereof.

XI. INDEPENDENT CONTRACTOR

The **SUBCONTRACTOR** is an independent contractor and shall not be regarded as an employee or agent of **EUS**. At times, **EUS** may provide **SUBCONSULTANT** business tools, such as email accounts, marketing materials, etc., for use in accomplishing work. However, use of these business tools must always include a disclaimer to identify that **SUBCONSULTANT** is not an **EUS** employee or agent.

XII. CONFIDENTIALITY

No publicity releases (including news releases and advertising) relating to this Agreement or the Work hereunder shall be issued by the **SUBCONSULTANT** without the prior written approval of **EUS**. The **SUBCONSULTANT** will comply at all times with the confidentiality terms established in the Mutual Non-Disclosure Agreement included as Attachment D to this Agreement.

XIII. CONFLICT OF INTEREST

Conflicts can occur from the standpoint of the organization or from personnel. Such conflicts could potentially jeopardize the quality of work due to inadvertent or intentional bias placed on Task Order performance. To avoid such conflicts the **SUBCONTRACTOR** represents, warrants and confirms, for the duration of the Project, that neither **SUBCONTRACTOR** nor any of **SUBCONTRACTOR**'s subcontractors has or has had any commitment to perform services for others or any other obligations or circumstances which conflict with the interest of **EUS**'s or **SUBCONTRACTOR**'s obligations hereunder as specified in the Agreement.

Further, **SUBCONTRACTOR** warrants that, for the duration of the Project, **SUBCONTRACTOR** will not propose to or enter into any agreement or engage in any conduct that would conflict with the interest of **EUS**'s or **SUBCONTRACTOR**'s obligations under this Agreement.

XIV. EXAMINATION OF RECORDS

The **SUBCONSULTANT** agrees that **EUS** will have access to and the right to examine any books, documents, papers and records of any and all the transactions relating to this Agreement. The **SUBCONSULTANT** shall maintain all records for a period of three (3) years after completion of the Work.

XV. OWNERSHIP OF DOCUMENTS

Upon completion and payment in full of all monies due to **SUBCONSULTANT**, all drawings, specifications, reports, information or data prepared by or furnished to **SUBCONSULTANT** in connection with any or all work to be performed under this Agreement shall be the property of **the Client and are considered Works Made for Hire**. The **SUBCONSULTANT** shall have no liability for any claim, liability or cost arising out of any unauthorized reuse or modification by the **SUBCONSULTANT** of any work products without the written authorization of **CLIENT**.

XVI. PARTIAL INVALIDITY

If any term, covenant, condition or provision of this Agreement is found by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect, and shall in no way be affected, impaired or invalidated thereby.

XVII. HEADINGS

Headings in this Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants, and conditions of this Agreement.

XVIII. GOVERNING LAWS

The validity or construction of this Agreement, as well as the rights and duties of the parties hereinunder, shall be governed by the laws of the State specified in the Choice of Law or other applicable clause in the Prime Agreement or, if no such State is specified, then the State of Tennessee.

XIX. COMPLIANCE WITH PRIME AGREEMENT

SUBCONSULTANT hereby agrees to abide and be bound by the terms of Prime Agreement between **EUS** and its client, which is incorporated herein by reference and included as Attachment C to this Agreement. In the event of any conflict between this Agreement and any other document(s), the stricter terms and conditions shall control.

XX. SUPPLEMENTS TO AGREEMENT

The following exhibits, supplements or addendums form an integral part of this Agreement.

- Attachment "A" Scope of Work
- Attachment "B" Compensation and Payment
- Attachment "C" Prime Agreement Terms and Conditions
- Attachment "D" Mutual Non-Disclosure Agreement

XXI. ENTIRE AGREEMENT

This Agreement constitutes the whole agreement between the parties with respect to the subject matter contained herein and there are no terms other than those contained herein. No modification or amendment of this Agreement shall be valid unless in writing and signed by the parties hereto.

EUS & Associates, LLC



Signature

Name: Douglas S. Hodge, Ph.D., PMP

Title: Operations Manager

SUBCONSULTANT

Signature

Name: Doug Hodge_____

Title: DSH & Associates Business Mgr.

Date: 1/1/11_____

Attachment A

Scope of Work

For the purposes of this Contract, the Scope of Work includes:

- Providing engineering, construction and consulting services as requested by EUS.

Attachment B Compensation and Payment

A. For the performance of services as set forth by this agreement, the SUBCONSULTANT shall be paid **\$50 per hour.**

C. All services should be invoiced within 30 days of final performance. EUS will provide a Subconsultant Invoice Transmittal form to be included with each invoice. ***The completed form may be attached, if so desired.*** Please send the invoice along with the completed Subconsultant Invoice Transmittal form to:

Evergreene Utility Services, LLC
4028 Taliluna Avenue
Knoxville, TN 37919
865-755-8066

Or submit via e-mail to:

hodge.dsh@gmail.com

**SUBCONSULTANT AGREEMENT No. 001_
FOR
PROFESSIONAL SERVICES**

THIS AGREEMENT, entered into this 21st day of September, 2010, by and between **EUSEvergreene Utility Services, LLC** with offices at *4028 Taliluna Avenue, Knoxville, TN 37919*, hereinafter referred to as "EUS" and **Environmental Technologies** located at **1132 Patterson Street, Dandridge, TN 37725**, hereinafter referred to as **SUBCONSULTANT**.

WHEREAS, EUS has entered into a contract or may enter into future contracts with **The Flats Resort, LLC** for the purposes of furnishing certain professional services in connection with **environmental operations and maintenance of Timberlake Bay subdivision decentralized treatment facility**; and

WHEREAS, EUS desires **SUBCONSULTANT** to perform certain professional and technical services in connection with **CLIENT** requirements and **SUBCONSULTANT** desires to perform such services.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

I. SCOPE OF WORK

SUBCONSULTANT shall perform in a proper manner, satisfactory to **EUS**, the technical services as more fully described in Attachment A "Scope of Work" which is attached hereto and incorporated herein by reference.

II. TIME OF PERFORMANCE

The services to be performed hereunder shall commence upon receipt by **SUBCONSULTANT** of a written "Notice to Proceed" (anticipated on November 1, 2010) and shall be completed in accordance with the schedule set forth in Attachment A. This Agreement will remain in effect for one year from the date of the Notice To Proceed. The Agreement can be renewed for an additional year upon written notification signed by both parties, prior to the

expiration of the period of performance, that the Agreement will be extended for an additional year. This option to extend the contract for an additional one year period will continue indefinitely at the mutual approval of both parties.

III. COMPENSATION AND PAYMENT

For satisfactory performance of the services described above, **EUS** shall pay to **SUBCONSULTANT** the compensation provided for in Attachment B, "Payment" which is attached hereto and incorporated herein by reference. After receipt and approval by **EUS** of **SUBCONSULTANT's** invoice prepared in such form and supported by such documents as **EUS** may reasonably require, **EUS** will include **SUBCONSULTANT's** invoice with **EUS's** regular billings to the **CLIENT**. **EUS** will make payment to the **SUBCONSULTANT** within ten (10) days after receipt of payment from the **CLIENT** for work performed by **SUBCONSULTANT**.

IV. COMPLIANCE WITH LAWS

SUBCONSULTANT shall observe and abide by all applicable laws, ordinances and regulations of federal, state and local governments, in connection with the work performed hereunder.

V. SUBCONTRACT AND ASSIGNMENT

This Agreement may not be assigned or subcontracted, in whole or part, without the prior written consent of **EUS**. Approval by **EUS** of any subcontractor shall not relieve the **SUBCONSULTANT** of any liability or responsibility for the proper performance of the work under this Agreement.

VI. INSPECTIONS

All work performed by **SUBCONSULTANT** shall be subject to the quality inspection and approval by **EUS** at all times, but such approval shall not relieve **SUBCONSULTANT** of responsibility for the proper performance of the work. **SUBCONSULTANT** shall provide sufficient, safe and proper facilities at all times for such inspection of the work, and shall furnish all information concerning the work, and grant **EUS's** duly authorized representatives free access

at all reasonable times to **SUBCONSULTANT's** facilities where the work under this Agreement is to be performed.

VII. CHANGES

EUS shall have the right, at any time prior to completion of the work to direct changes in this Agreement, including but not limited to, change in the Scope of Work. If the change causes an increase or decrease in the cost of, or the time required for the **SUBCONSULTANT's** performance under this Agreement; the **SUBCONSULTANT** must submit to **EUS** within ten (10) days after receipt of the change notice any request for adjustment. **EUS** will issue an addendum to this Agreement for equitable adjustments.

VIII. TERMINATION FOR CONVENIENCE

a) **EUS** shall have the right at any time to terminate this Agreement in whole, or in part, by written notice to **SUBCONSULTANT**. Upon receipt of this notice the **SUBCONSULTANT** shall immediately discontinue performance, will not place any further orders and will promptly cancel all orders to subcontractors.

b) In the event of termination for convenience **EUS** shall pay, in accordance with Article III above, the **SUBCONSULTANT** for all work performed and accepted by **EUS** prior to termination, plus the profit due for the work performed. However, in no event shall **EUS** be obligated to pay more than the Agreement value less any previously paid funds.

SUBCONSULTANT shall have the right at any time to terminate this Agreement in whole, or in part, by written notice to **EUS**. Prior to termination and cessation of work **SUBCONSULTANT** will complete all environmental inspections and reports that comprise the approved SOW, and submit same to **EUS** and **CLIENT** prior to cessation of work.

IX. DEFAULT

a) Should the **SUBCONSULTANT** breach any provisions of this Agreement **EUS** shall have the rights and remedies provided by law or under these terms and conditions.

b) **EUS** shall have the right at any time to terminate this Agreement in whole, or in part, if the **SUBCONSULTANT** fails to perform any of its obligations or if the **SUBCONSULTANT**

fails to give **EUS** assurance of adequate performance within ten (10) working days after written request by **EUS** for such assurances.

- c) In the event of a breach of the Agreement **EUS** may:
 - 1) Declare the **SUBCONSULTANT** to be in default.
 - 2) Cancel this Agreement in whole or in part.
 - 3) Withhold payment of any further funds which may be due the **SUBCONSULTANT** until the default is corrected.
 - 4) Pursue any and all other remedies afforded by law.

X. INDEMNIFICATION AND INSURANCE

- a) **SUBCONSULTANT** shall indemnify, defend and hold harmless **EUS** and **CLIENT**, and their respective officers, agents, servants and employees from and against all claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from the **SUBCONSULTANT's** negligent acts, errors or omissions in the performance of the services under this Agreement.
- b) With respect to its indemnification obligation hereunder, **SUBCONSULTANT** hereby assumes the entire responsibility and liability for any and all damages or injury (including death resulting therefrom) to employees of the **SUBCONSULTANT** caused by, resulting from, arising out of or occurring in connection with the performance of the services under this Agreement, and if any claims for such damage or injury (including death resulting therefrom) be made or asserted, whether or not such claims are based upon **EUS's** or **CLIENT's** alleged or actual negligent acts, errors or omissions, **SUBCONSULTANT** agrees to indemnify, defend and hold harmless **EUS** and **CLIENT**, and their respective officers, agents, servants and employees from and against all such claims, damages, losses and expenses, including but not limited to attorneys' fees, that they may directly or indirectly sustain, suffer or incur as a result thereof.
- c) Unless otherwise required in this Agreement the **SUBCONSULTANT** shall, during the performance of the Work, maintain the following insurance in the types and amounts, and with insurers satisfactory to **EUS**.

- | | |
|-------------------------------------|--|
| 1) Worker's Compensation: | Statutory requirements at the locations of work and in accordance with the Contractor's established program for employees. |
| 2) Employer's Liability: | \$1,000,000 Bodily Injury by Accident (Each occurrence)
\$1,000,000 Bodily Injury by Disease (Policy Limit)
\$1,000,000 Bodily Injury by Disease (Each Person) |
| 3) Comprehensive General Liability: | \$1,000,000/per occurrence; \$2,000,000/general aggregate |
| 4) Automobile: | \$1,000,000 Combined Single Limit per accident |
| 5) Professional Liability: | \$1,000,000 |

Prior to commencing performance of the work the **SUBCONSULTANT** shall furnish **EUS** with a Certificate of Insurance as evidence of the required insurance and such Certificate shall provide for ten (10) days written notice to **EUS** prior to cancellation thereof.

EUS shall be named as an additional insured on coverages furnished under 3) and 4) hereunder and **SUBCONSULTANT** and its insurers shall waive any and all rights of subrogation against **EUS** and **OWNER** which may arise under any policies of insurance provided hereunder.

XI. INDEPENDENT CONTRACTOR

The **SUBCONTRACTOR** is an independent contractor and shall not be regarded as an employee or agent of **EUS**. At times, **EUS** may provide **SUBCONSULTANT** business tools, such as email accounts, marketing materials, etc., for use in accomplishing work. However, use of these business tools must always include a disclaimer to identify that **SUBCONSULTANT** is not an **EUS** employee or agent.

XII. CONFIDENTIALITY

No publicity releases (including news releases and advertising) relating to this Agreement or the Work hereunder shall be issued by the **SUBCONSULTANT** without the prior written approval of **EUS**. The **SUBCONSULTANT** will comply at all times with the confidentiality terms established in the Mutual Non-Disclosure Agreement included as Attachment D to this Agreement.

XIII. CONFLICT OF INTEREST

Conflicts can occur from the standpoint of the organization or from personnel. Such conflicts could potentially jeopardize the quality of work due to inadvertent or intentional bias placed on Task Order performance. To avoid such conflicts the **SUBCONTRACTOR** represents, warrants and confirms, for the duration of the Project, that neither **SUBCONTRACTOR** nor any of **SUBCONTRACTOR**'s subcontractors has or has had any commitment to perform services for others or any other obligations or circumstances which conflict with the interest of **EUS**'s or **SUBCONTRACTOR**'s obligations hereunder as specified in the Agreement.

Further, **SUBCONTRACTOR** warrants that, for the duration of the Project, **SUBCONTRACTOR** will not propose to or enter into any agreement or engage in any conduct that would conflict with the interest of **EUS**'s or **SUBCONTRACTOR**'s obligations under this Agreement.

XIV. EXAMINATION OF RECORDS

The **SUBCONSULTANT** agrees that **EUS** will have access to and the right to examine any books, documents, papers and records of any and all the transactions relating to this Agreement. The **SUBCONSULTANT** shall maintain all records for a period of three (3) years after completion of the Work.

XV. OWNERSHIP OF DOCUMENTS

Upon completion and payment in full of all monies due to **SUBCONSULTANT**, all drawings, specifications, reports, information or data prepared by or furnished to **SUBCONSULTANT** in connection with any or all work to be performed under this Agreement

shall be the property of **the Client and are considered Works Made for Hire**. The **SUBCONSULTANT** shall have no liability for any claim, liability or cost arising out of any unauthorized reuse or modification by the **SUBCONSULTANT** of any work products without the written authorization of **CLIENT**.

XVI. PARTIAL INVALIDITY

If any term, covenant, condition or provision of this Agreement is found by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect, and shall in no way be affected, impaired or invalidated thereby.

XVII. HEADINGS

Headings in this Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants, and conditions of this Agreement.

XVIII. GOVERNING LAWS

The validity or construction of this Agreement, as well as the rights and duties of the parties hereinunder, shall be governed by the laws of the State specified in the Choice of Law or other applicable clause in the Prime Agreement or, if no such State is specified, then the State of Tennessee.

XIX. COMPLIANCE WITH PRIME AGREEMENT

SUBCONSULTANT hereby agrees to abide and be bound by the terms of State Operating Permit (SOP #08001) between **EUS** and **TDEC**, which is incorporated herein by reference and included as Attachment C to this Agreement. In the event of any conflict between this Agreement and any other document(s), the stricter terms and conditions shall control.

XX. SUPPLEMENTS TO AGREEMENT

The following exhibits, supplements or addendums form an integral part of this Agreement.

- Attachment "A" Scope of Work
- Attachment "B" Compensation and Payment
- Attachment "C" SOP #08001 Specifications.

XXI. ENTIRE AGREEMENT

This Agreement constitutes the whole agreement between the parties with respect to the subject matter contained herein and there are no terms other than those contained herein. No modification or amendment of this Agreement shall be valid unless in writing and signed by the parties hereto.

LLC

EVERGREENE UTILITY SERVICES,

Name: Douglas S. Hodge, Ph.D., PMP

Title: Operations Manager

Date: 9/21/10

SUBCONSULTANT

See attached page with Signature

Name: Herb Norton

Title: President

Company: Environmental Technologies

Date: _____

9-23-10

= Herbert H Norton proposed to sample
400 samples for Timber Lakes &
Baldwin for the sum of 400.00
Per Quarter, & flow

Herbert H Norton

- 200/quarter per system - Sampling
- 200/mo - flow rates per system
- copies of permit -

mndwd@yahoo.com

Attachment A Scope of Work & Schedule

For the purposes of this Contract, the Scope of Work includes:

Monitoring the Timberlake Bay Decentralized Treatment System as specified below:

MONTHLY SAMPLING and ANALYSIS

<u>Parameter</u>	<u>Sample Type</u>	<u>Daily Maximum</u>	<u>Sampling Point</u>	<u>Measurement Frequency</u>
Flow	instantaneous		*	1/month
BOD ₅	grab	45 mg/l	*	1/quarter
Nitrate as N	grab	18.5 mg/l	*	1/quarter
Ammonia as N	grab	Report	*	1/quarter
<i>E. Coli</i>	grab	941 colonies/100 ml	*	1/quarter

* Effluent to the drip irrigation plots.

MONITORING PROCEDURES

Samples and measurements taken in compliance with the monitoring requirements specified above shall be representative of the volume and nature of the monitored discharge, and shall be taken at the following location(s):

Effluent to drip irrigation plots.

All sampling and analysis must follow TDEC sampling and analytical procedures.

DEFINITIONS

The "daily maximum concentration" is a limitation on the average concentration, in milligrams per liter, of the discharge during any calendar day.

A "grab sample" is a single influent or effluent sample collected at a particular time.

A "quarter" is defined as any one of the following three-month periods: January 1 through March 31, April 1 through June 30, July 1 through September 30, and/or October 1 through December 31.

REPORTING

1. Monitoring Results

Monitoring results shall be recorded monthly and submitted quarterly. Submittals shall be postmarked no later than 15 days after the completion of the reporting period. A copy should be retained for the permittee's files. Operation reports and any communication regarding compliance with the conditions of this permit must be sent to:

Evergreene Utility Services, LLC
Attn: Doug Hodge
4028 Taliluna Avenue
Knoxville, TN 37919
865-755-8066

The first operation report is due on the 15th of the month following permit effectiveness

2. Additional Monitoring by Permittee

If the operator monitors any pollutant at the location(s) designated herein more frequently than required by this permit, using approved analytical methods as specified in 1200-4-5-.07(4)(h)2, the results of such monitoring shall be included in the calculation and reporting of the values required in the Quarterly Operation Report. Such increased frequency shall also be indicated.

PERIOD OF PERFORMANCE (POP)

Notice to proceed on scope is estimated at November 1, 2011.

POP is for 12 months from November 1, 2011 till November 1, 2012.

Attachment B

Compensation and Payment

A. For the performance of services as set forth by this agreement, the SUBCONSULTANT shall be paid a **lump sum** monthly cost of \$200. In no event shall the cost of the services included under this agreement exceed \$2,400 (NOT-TO-EXCEED AMOUNT.). In addition, SUBCONSULTANT agrees to the payment as further described in 'B' as follows:

B. SUBCONSULTANT shall submit regular monthly invoices to EUS for the work performed; invoices shall be submitted as "**LUMP SUM**", and will contain;

- Monthly lump sum cost.
- Cumulative amount invoiced to date.
- All monthly reports as specified in Attachment A.
- Any operational issues or concerns

C. All services should be invoiced within 10 days of final performance. EUS will provide a Subconsultant Invoice Transmittal form to be included with each invoice. ***The completed form may be attached, if so desired.*** Please send the invoice along with the completed Subconsultant Invoice Transmittal form to:

4028 Taliluna Avenue
Knoxville, TN 37919
865-755-8066

Or submit via e-mail to:

Hodge.dsh@gmail.com

Attachment C
State Operating Permit #08001 Requirements

**TENNESSEE DEPARTMENT OF ENVIRONMENT AND
CONSERVATION**

DIVISION OF WATER POLLUTION CONTROL

**6th Floor, L & C Annex
401 Church Street
Nashville, TN 37243-1534**

Permit No. SOP-08001

PERMIT

For the operation of Wastewater Treatment Facilities

In accordance with the provision of Tennessee Code Annotated section 69-3-108 and Regulations promulgated pursuant thereto:

PERMISSION IS HEREBY GRANTED TO

**East Sevier County Utility District - The Flats Resort
Sevierville, Sevier County, Tennessee**

FOR THE OPERATION OF

Septic tanks, effluent collection system, packed bed technology (Orenco System), UV disinfection and 5.85 acre drip irrigation system located at latitude 35.91745 and longitude - 83.46254 in Sevier County, Tennessee to serve 186 homes , restaurant and 2 swimming pools in the Flats Resort. The design capacity of the system is .0569 MGD.

This permit is issued as a result of the application filed on January 10, 2008, in the office of the Tennessee Division of Water Pollution Control and in conformity with approved plans, specifications and other data submitted to the Department in support of the above application, all of which are filed with and considered as a part of this permit, together with the following named conditions and requirements.

This permit shall become effective on: May1, 2008

This permit shall expire on: March 31, 2013

Issuance date: April 1, 2008

**Paul E. Davis
Director
Division of Water Pollution Control**

CN-0759

RDA's 2352 & 2366

PART I

A. GENERAL REQUIREMENTS

The treatment system shall be monitored by the permittee as specified below:

<u>Parameter</u>	<u>Sample Type</u>	<u>Daily Maximum</u>	<u>Sampling Point</u>	<u>Measurement Frequency</u>
Flow	instantaneous		*	1/month
BOD ₅	grab	45 mg/l	*	1/quarter
Nitrate as N	grab	18.5 mg/l	*	1/quarter
Ammonia as N	grab	Report	*	1/quarter
<i>E. Coli</i>	grab	941 colonies/100 ml	*	1/quarter

* Effluent to the drip irrigation plots.

The permittee must disinfect the wastewater in order to meet the above *E. Coli* limit.

This permit allows the operation of a wastewater drip irrigation system. The operation should be such that there is no contamination of and no wastewater discharge to any surface or subsurface stream because of collected pools of water called "ponding", irrigation into karst features or because of improper irrigation. Any runoff due to improper operation must be reported in writing to the Division of Water Pollution Control, Knoxville Environmental Field Office within 5 days of the incident. In addition, the drip irrigation system must be operated in a manner preventing the creation of a public health hazard or a public/private nuisance.

B. MONITORING PROCEDURES

1. Representative Sampling

Samples and measurements taken in compliance with the monitoring requirements specified above shall be representative of the volume and nature of the monitored discharge, and shall be taken at the following location(s):

Effluent to drip irrigation plots.

C. DEFINITIONS

The "daily maximum concentration" is a limitation on the average concentration, in milligrams per liter, of the discharge during any calendar day.

A "grab sample" is a single influent or effluent sample collected at a particular time.

A "quarter" is defined as any one of the following three-month periods: January 1 through March 31, April 1 through June 30, July 1 through September 30, and/or October 1 through December 31.

D. REPORTING

1. Monitoring Results

Monitoring results shall be recorded monthly and submitted quarterly. Submittals shall be postmarked no later than 15 days after the completion of the reporting period. A copy should be retained for the permittee's files. Operation reports and any communication regarding compliance with the conditions of this permit must be sent to:

Division of Water Pollution Control
Knoxville Environmental Field Office
3711 Middlebrook Pike
Knoxville, TN 37921

The first operation report is due on the 15th of the month following permit effectiveness

2. Additional Monitoring by Permittee

If the permittee monitors any pollutant at the location(s) designated herein more frequently than required by this permit, using approved analytical methods as specified in 1200-4-5-.07(4)(h)2, the results of such monitoring shall be included in the calculation and reporting of the values required in the Quarterly Operation Report. Such increased frequency shall also be indicated.

3. Falsifying Reports

Knowingly making any false statement on any report required by this permit may result in the imposition of criminal penalties as provided for in Section 69-3-115 of the Tennessee Water Quality Control Act.

E. SCHEDULE OF COMPLIANCE

Full operational level shall be attained from the effective date of this permit.

PART II

A. GENERAL PROVISIONS

1. Duty to Reapply

The permittee is not authorized to discharge after the expiration date of this permit. In order to receive authorization to discharge beyond the expiration date, the permittee shall submit such information and forms as are required to the Director of Water Pollution Control (the "Director") no later than 180 days prior to the expiration date.

2. Right of Entry

The permittee shall allow the Director, or authorized representatives, upon the presentation of credentials:

- a. To enter upon the permittee's premises where an effluent source is located or where records are required to be kept under the terms and conditions of this permit, and at reasonable times to copy these records;
- b. To inspect at reasonable times any monitoring equipment or method or any collection, treatment, pollution management, or discharge facilities required under this permit; and
- c. To sample at reasonable times any discharge of pollutants.

3. Availability of Reports

All reports prepared in accordance with the terms of this permit shall be available for public inspection at the offices of the Division of Water Pollution Control.

4. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems (and related appurtenances) for collection and treatment which are installed or used by the permittee to achieve compliance with the terms and conditions of this permit. Proper operation and maintenance also includes adequate laboratory and process controls and appropriate quality assurance procedures. This provision requires the operation of backup or auxiliary facilities or similar systems which are installed by a permittee only when the operation is necessary to achieve compliance with the conditions of the permit. Backup continuous pH and flow monitoring equipment are not required.

The monitoring frequency stated in this permit shall not be construed as specifying a minimum level of operator attention to the facility. It is anticipated that visits to the treatment facility by the operator will occur at intervals frequent enough to assure proper operation and maintenance, but in no case less than one visit per month. If discharge monitoring reports, WPC inspection reports, or other information indicates a problem with the facility, the permittee may be subject to enforcement action and/or the permit may be modified to include increased parameter monitoring, increased monitoring

frequency or other requirements as deemed necessary by the division to correct the problem. The permittee shall ensure that the certified operator is in responsible charge of the facility and observes the operation of the system frequently enough to ensure its proper operation and maintenance regardless of the effluent monitoring frequency stated in the permit."

b. Dilution water shall not be added to comply with effluent requirements

5. Property Rights

The issuance of this permit does not convey any property rights in either real or personal property, or any exclusive privileges, nor does it authorize any injury to private property or any invasion of personal rights, nor any infringement of Federal, State, or local laws or regulations.

6. Severability

The provisions of this permit are severable. If any provision of this permit due to any circumstance, is held invalid, then the application of such provision to other circumstances and to the remainder of this permit shall not be affected thereby.

7. Other Information

If the permittee becomes aware that he failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Director, then he shall promptly submit such facts or information.

B. CHANGES AFFECTING THE PERMIT

1. Planned Changes

The permittee shall give notice to the Director as soon as possible of any planned physical alterations or additions to the permitted facility.

2. Permit Modification, Revocation, or Termination

a. This permit may be modified, revoked and reissued, or terminated for cause as described in section 69-108-(F) The Tennessee Water Quality Control Act as amended.

b. The permittee shall furnish to the Director, within a reasonable time, any information which the Director may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this permit, or to determine compliance with this permit. The permittee shall also furnish to the Director, upon request, copies of records required to be kept by this permit.

3. Change of Ownership

This permit may be transferred to another person by the permittee if:

- a. The permittee notifies the Director of the proposed transfer at least 30 days in advance of the proposed transfer date;
- b. The notice includes a written agreement between the existing and new permittees containing a specified date for transfer of permit responsibility, coverage, and liability between them; and
- c. The Director, within 30 days, does not notify the current permittee and the new permittee of his intent to modify, revoke or reissue, or terminate the permit and to require that a new application be filed rather than agreeing to the transfer of the permit.

4. Change of Mailing Address

The permittee shall promptly provide to the Director written notice of any change of mailing address. In the absence of such notice the original address of the permittee will be assumed to be correct.

C. NONCOMPLIANCE

1. Effect of Noncompliance

Any permit noncompliance constitutes a violation of applicable State laws and is grounds for enforcement action, permit termination, permit modification, or denial of permit reissuance.

2. Reporting of Noncompliance

a. 24-Hour Reporting

In the case of any noncompliance which could cause a threat to public drinking supplies, or any other discharge which could constitute a threat to human health or the environment, the required notice of non-compliance shall be provided to the appropriate Division environmental assistance center within 24 hours from the time the permittee becomes aware of the circumstances. (The environmental field office should be contacted for names and phone numbers of emergency response personnel.)

A written submission must be provided within five days of the time the permittee becomes aware of the circumstances unless this requirement is waived by the Director on a case-by-case basis. The permittee shall provide the Director with the following information:

- i. A description of the discharge and cause of noncompliance;
- ii. The period of noncompliance, including exact dates and times or, if not corrected, the anticipated time the noncompliance is expected to continue; and
- iii. The steps being taken to reduce, eliminate, and prevent recurrence of the non complying discharge.

b. Scheduled Reporting

For instances of noncompliance which are not reported under subparagraph 2.a. above, the permittee shall report the noncompliance on the Quarterly Operation Report. The report shall contain all information concerning the steps taken, or planned, to reduce, eliminate, and prevent recurrence of the violation and the anticipated time the violation is expected to continue.

3. Overflow

a. "**Overflow**" means the discharge to land or water of wastes from any portion of the collection, transmission, or treatment system other than through permitted outfalls.

b. Overflows are prohibited.

c. The permittee shall operate the collection system so as to avoid overflows. No new or additional flows shall be added upstream of any point in the collection system, which experiences chronic overflows (greater than 5 events per year) or would otherwise overload any portion of the system.

d. Unless there is specific enforcement action to the contrary, the permittee is relieved of this requirement after: 1) an authorized representative of the Commissioner of the Department of Environment and Conservation has approved an engineering report and construction plans and specifications prepared in accordance with accepted engineering practices for correction of the problem; 2) the correction work is underway; and 3) the cumulative, peak-design, flows potentially added from new connections and line extensions upstream of any chronic overflow point are less than or proportional to the amount of inflow and infiltration removal documented upstream of that point. The inflow and infiltration reduction must be measured by the permittee using practices that are customary in the environmental engineering field and reported in an attachment to a Monthly Operating Report submitted to the local TDEC Environmental Field Office. The data measurement period shall be sufficient to account for seasonal rainfall patterns and seasonal groundwater table elevations.

e. In the event that more than 5 overflows have occurred from a single point in the collection system for reasons that may not warrant the self-imposed moratorium or completion of the actions identified in this paragraph, the permittee may request a meeting with the Division of Water Pollution Control EFC staff to petition for a waiver based on mitigating evidence.

4. Upset

a. "**Upset**" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation.

b. An upset shall constitute an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the permittee demonstrates, through properly

signed, contemporaneous operating logs, or other relevant evidence that:

- i. An upset occurred and that the permittee can identify the cause(s) of the upset;
- ii. The permitted facility was at the time being operated in a prudent and workman-like manner and in compliance with proper operation and maintenance procedures;
- iii. The permittee submitted information required under "Reporting of Noncompliance" within 24-hours of becoming aware of the upset (if this information is provided orally, a written submission must be provided within five days); and
- iv. The permittee complied with any remedial measures required under "Adverse Impact."

5. Adverse Impact

The permittee shall take all reasonable steps to minimize any adverse impact to the waters of Tennessee resulting from noncompliance with this permit, including such accelerated or additional monitoring as necessary to determine the nature and impact of the noncomplying discharge. It shall not be a defense for the permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

6. Bypass

a. "**Bypass**" is the intentional diversion of wastewater away from any portion of a treatment facility. "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which would cause them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b. Bypasses are prohibited unless all of the following 3 conditions are met:

- i. The bypass is unavoidable to prevent loss of life, personal injury, or severe property damage;
- ii. There are no feasible alternatives to bypass, such as the construction and use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass, which occurred during normal periods of equipment downtime or preventative maintenance;
- iii. The permittee submits notice of an unanticipated bypass to the Division of Water

Pollution Control in the appropriate Environmental Field Office within 24 hours of becoming aware of the bypass (if this information is provided orally, a written submission must be provided within five

days). When the need for the bypass is foreseeable, prior notification shall be submitted to the director, if possible, at least 10 days before the date of the bypass.

c. Bypasses not exceeding permit limitations are allowed **only** if the bypass is necessary for essential maintenance to assure efficient operation. All other bypasses are prohibited. Allowable bypasses not exceeding limitations are not subject to the reporting requirements of 6.b.iii, above.

7. Washout

a. For domestic wastewater plants only, a "washout" shall be defined as loss of Mixed Liquor Suspended Solids (MLSS) of 30.00% or more. This refers to the MLSS in the aeration basin(s) only. This does not include MLSS decrease due to solids wasting to the sludge disposal system. A washout can be caused by improper operation or from peak flows due to infiltration and inflow.

b. A washout is prohibited. If a washout occurs the permittee must report the incident to the Division of Water Pollution Control in the appropriate Environmental Field Office within 24 hours by telephone. A written submission must be provided within five days. The washout must be noted on the discharge monitoring report. Each day of a washout is a separate violation.

D. LIABILITIES

1. Civil and Criminal Liability

Nothing in this permit shall be construed to relieve the permittee from civil or criminal penalties for noncompliance. Notwithstanding this permit, the permittee shall remain liable for any damages sustained by the State of Tennessee, including but not limited to fish kills and losses of aquatic life and/or wildlife, as a result of the discharge of wastewater to any surface or subsurface waters. Additionally, notwithstanding this Permit, it shall be the responsibility of the permittee to conduct its wastewater treatment and/or discharge activities in a manner such that public or private nuisances or health hazards will not be created.

2. Liability Under State Law

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties established pursuant to any applicable State law.

PART III OTHER REQUIREMENTS

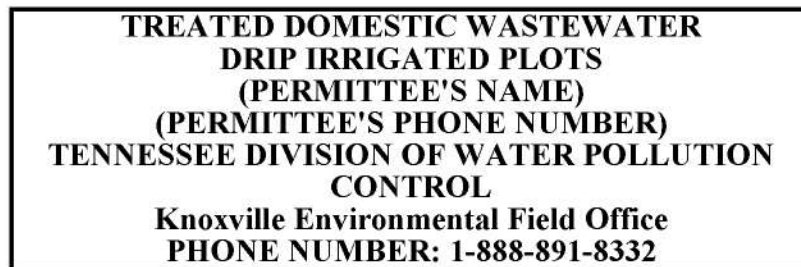
A. CERTIFIED OPERATOR

The waste treatment facilities shall be operated under the supervision of a Biological Natural System

operator and the collection system operated under the supervision of a Grade I Collection System certified operator in accordance with the Water Environmental Health Act of 1984.

B. PLACEMENT OF SIGNS

The permittee shall place a sign at all approaches to the drip irrigation lot. The sign should be clearly visible to the public. The minimum sign size should be two feet by two feet (2' x 2') with one inch (1") letters. The sign should be made of durable material and have a white background with black letters.



No later than sixty (60) days from the effective date of the permit, the permittee shall have the above sign(s) on display in the location specified.

C. ADDITION OF WASTE LOADS

The permittee may not add wasteloads to the existing treatment system without the knowledge and approval of the division.

D. SEPTIC TANK OPERATION

The proper operation of this treatment system depends, largely, on the efficient use of the septic tank. The solids that accumulate in the tank shall be removed at a frequency that is sufficient to insure that the treatment plant will comply with the discharge requirements of this permit.

E. SEPTAGE MANAGEMENT PRACTICES

The permittee must comply with the provisions of 40 CFR Part 503. If the septage is transported to another POTW for disposal, the permittee shall note the amount of septage wasted in gallons, % solids of septage wasted and the name of the facility to which the septage was taken on the monthly operation report. Sludge or any other material removed by any treatment works must be disposed of in a manner which prevents its entrance into or pollution of any surface or subsurface waters. Additionally, the disposal of such sludge or other material must be in compliance with the Tennessee Solid Waste Disposal Act, TCA 68-31-101 et seq. and Tennessee Hazardous Waste Management Act, TCA 68-46-101 et seq.

F. DRIP SITE MANAGEMENT

The drip irrigation system must have appropriate site management practices to ensure that the nitrogen design assumptions will be achieved. The cover crop must be able to uptake the prescribed amount of nitrogen (50 lbs/acre/year). This requirement shall not be construed to warrant any use of the harvested product and the permittee shall assume full responsibility for its proper use or disposal.

G. OWNERSHIP OF THE TREATMENT FACILITIES

a. The permittee shall own the treatment facilities (and the land upon which they are constructed) including the land to be utilized for drip or spray irrigation. A perpetual easement (properly recorded) may be accepted in lieu of ownership. If the permittee elects to make the treated wastewater available for reuse (irrigation of a golf course for example) a backup dedicated land application site must be provided or a perpetual easement must be obtained for the property where reuse is to take place. The perpetual easement must allow year-round application of the wastewater except where the permittee has provided (and the division has approved) storage facilities for periods when reuse is not available. Evidence of ownership of the treatment facility land application site(s) and/or a copy of the perpetual easement(s) must be furnished to the division for approval prior to construction of the wastewater collection and treatment system.

b. Where the treatment facility serves private homes, condominiums, apartments, retirement homes, nursing homes, trailer parks, or any other place where the individuals being served have property ownership, rental agreements, or other agreements that would prevent their being displaced in the event of abandonment or noncompliance of the sewerage system, ownership of the treatment facilities must be by a municipality, a public utility, a wastewater authority, or a privately owned public utility (having a Certificate of Convenience and Necessity from the Tennessee Regulatory Authority), or another public agency.

SUBCONSULTANT AGREEMENT No. 001_
FOR
PROFESSIONAL SERVICES

THIS AGREEMENT, entered into this 1st day of January, 2011, by and between **Evergreene Utility Services, LLC** with offices at *4028 Taliluna Avenue, Knoxville, TN 37919 865-755-8066* hereinafter referred to as "EUS" and **Bert Ballowe** located at **2249 Childress Road, Dandridge, TN 37725**, hereinafter referred to as **SUBCONSULTANT**.

WHEREAS, EUS may enter into future contracts with **Subdivisions that require Wastewater Utility Service (CLIENT)** for the purposes of furnishing certain professional services in connection with **Wastewater Utility**; and

WHEREAS, EUS desires **SUBCONSULTANT** to perform certain professional and technical services in connection with **CLIENT** requirements and **SUBCONSULTANT** desires to perform such services.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

I. SCOPE OF WORK

SUBCONSULTANT shall perform in a proper manner, satisfactory to **EUS**, the technical services as more fully described in Attachment A. "Scope of Work" which is attached hereto and incorporated herein by reference.

II. TIME OF PERFORMANCE

The services to be performed hereunder shall commence upon receipt by **SUBCONSULTANT** of a written "Notice to Proceed" and shall be completed in accordance with the schedule set forth in Attachment A. This Agreement will remain in effect for one year from the date of the Notice To Proceed. The Agreement can be renewed for an additional year upon written notification signed by both parties, prior to the expiration of the period of performance, that the Agreement will be extended for an

additional year. This option to extend the contract for an additional one year period will continue indefinitely at the mutual approval of both parties.

III. COMPENSATION AND PAYMENT

For satisfactory performance of the services described above, **EUS** shall pay to **SUBCONSULTANT** the compensation provided for in Attachment B, "Payment" which is attached hereto and incorporated herein by reference. After receipt and approval by **EUS** of **SUBCONSULTANT's** invoice prepared in such form and supported by such documents as **EUS** may reasonably require, **EUS** will include **SUBCONSULTANT's** invoice with **EUS's** regular billings to the **CLIENT**. **EUS** will make payment to the **SUBCONSULTANT** within ten (10) days after receipt of payment from the **CLIENT** for work performed by **SUBCONSULTANT**.

IT IS UNDERSTOOD AND AGREED TO BY THE SUBCONSULTANT THAT PAYMENT FROM CLIENT TO EUS FOR WORK PERFORMED BY SUBCONSULTANT IS A CONDITION PRECEDENT FOR PAYMENT TO SUBCONSULTANT FROM EUS.

IV. COMPLIANCE WITH LAWS

SUBCONSULTANT shall observe and abide by all applicable laws, ordinances and regulations of federal, state and local governments, in connection with the work performed hereunder.

V. SUBCONTRACT AND ASSIGNMENT

This Agreement may not be assigned or subcontracted, in whole or part, without the prior written consent of **EUS**. Approval by **EUS** of any subcontractor shall not relieve the **SUBCONSULTANT** of any liability or responsibility for the proper performance of the work under this Agreement.

VI. INSPECTIONS

All work performed by **SUBCONSULTANT** shall be subject to the quality inspection and approval by **EUS** at all times, but such approval shall not relieve **SUBCONSULTANT** of responsibility for the proper performance of the work. **SUBCONSULTANT** shall provide sufficient, safe and proper

facilities at all times for such inspection of the work, and shall furnish all information concerning the work, and grant EUS's duly authorized representatives free access at all reasonable times to SUBCONSULTANT's facilities where the work under this Agreement is to be performed.

VII. CHANGES

EUS shall have the right, at any time prior to completion of the work to direct changes in this Agreement, including but not limited to, change in the Scope of Work. If the change causes an increase or decrease in the cost of, or the time required for the SUBCONSULTANT's performance under this Agreement; the SUBCONSULTANT must submit to EUS within ten (10) days after receipt of the change notice any request for adjustment. EUS will issue an addendum to this Agreement for equitable adjustments.

VIII. TERMINATION FOR CONVENIENCE

a) EUS shall have the right at any time to terminate this Agreement in whole, or in part, by written notice to SUBCONSULTANT. Upon receipt of this notice the SUBCONSULTANT shall immediately discontinue performance, will not place any further orders and will promptly cancel all orders to subcontractors.

b) In the event of termination for convenience EUS shall pay, in accordance with Article III above, the SUBCONSULTANT for all work performed and accepted by EUS prior to termination, plus the profit due for the work performed. However, in no event shall EUS be obligated to pay more than the Agreement value less any previously paid funds.

SUBCONSULTANT shall have the right at any time to terminate this Agreement in whole, or in part, by written notice to EUS. Prior to termination and cessation of work SUBCONSULTANT will complete all work and reports that comprise the approved PROJECT, and submit same to EUS and CLIENT prior to cessation of work.

IX. DEFAULT

a) Should the SUBCONSULTANT breach any provisions of this Agreement EUS shall have the rights and remedies provided by law or under these terms and conditions.

b) **EUS** shall have the right at any time to terminate this Agreement in whole, or in part, if the **SUBCONSULTANT** fails to perform any of its obligations or if the **SUBCONSULTANT** fails to give **EUS** assurance of adequate performance within ten (10) working days after written request by **EUS** for such assurances.

c) In the event of a breach of the Agreement **EUS** may:

1) Declare the **SUBCONSULTANT** to be in default.

2) Cancel this Agreement in whole or in part.

3) Withhold payment of any further funds which may be due the **SUBCONSULTANT** until the default is corrected.

4) Pursue any and all other remedies afforded by law.

X. INDEMNIFICATION AND INSURANCE

a) **SUBCONSULTANT** shall indemnify, defend and hold harmless **EUS** and **CLIENT**, and their respective officers, agents, servants and employees from and against all claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from the **SUBCONSULTANT's** negligent acts, errors or omissions in the performance of the services under this Agreement.

b) With respect to its indemnification obligation hereunder, **SUBCONSULTANT** hereby assumes the entire responsibility and liability for any and all damages or injury (including death resulting therefrom) to employees of the **SUBCONSULTANT** caused by, resulting from, arising out of or occurring in connection with the performance of the services under this Agreement, and if any claims for such damage or injury (including death resulting therefrom) be made or asserted, whether or not such claims are based upon **EUS's** or **CLIENT's** alleged or actual negligent acts, errors or omissions, **SUBCONSULTANT** agrees to indemnify, defend and hold harmless **EUS** and **CLIENT**, and their respective officers, agents, servants and employees from and against all such claims, damages, losses and expenses, including but not limited to attorneys' fees, that they may directly or indirectly sustain, suffer or incur as a result thereof.

XI. INDEPENDENT CONTRACTOR

The **SUBCONTRACTOR** is an independent contractor and shall not be regarded as an employee or agent of **EUS**. At times, **EUS** may provide **SUBCONSULTANT** business tools, such as email accounts, marketing materials, etc., for use in accomplishing work. However, use of these business tools must always include a disclaimer to identify that **SUBCONSULTANT** is not an **EUS** employee or agent.

XII. CONFIDENTIALITY

No publicity releases (including news releases and advertising) relating to this Agreement or the Work hereunder shall be issued by the **SUBCONSULTANT** without the prior written approval of **EUS**. The **SUBCONSULTANT** will comply at all times with the confidentiality terms established in the Mutual Non-Disclosure Agreement included as Attachment D to this Agreement.

XIII. CONFLICT OF INTEREST

Conflicts can occur from the standpoint of the organization or from personnel. Such conflicts could potentially jeopardize the quality of work due to inadvertent or intentional bias placed on Task Order performance. To avoid such conflicts the **SUBCONTRACTOR** represents, warrants and confirms, for the duration of the Project, that neither **SUBCONTRACTOR** nor any of **SUBCONTRACTOR**'s subcontractors has or has had any commitment to perform services for others or any other obligations or circumstances which conflict with the interest of **EUS**'s or **SUBCONTRACTOR**'s obligations hereunder as specified in the Agreement.

Further, **SUBCONTRACTOR** warrants that, for the duration of the Project, **SUBCONTRACTOR** will not propose to or enter into any agreement or engage in any conduct that would conflict with the interest of **EUS**'s or **SUBCONTRACTOR**'s obligations under this Agreement.

XIV. EXAMINATION OF RECORDS

The **SUBCONSULTANT** agrees that **EUS** will have access to and the right to examine any books, documents, papers and records of any and all the transactions relating to this Agreement. The **SUBCONSULTANT** shall maintain all records for a period of three (3) years after completion of the Work.

XV. OWNERSHIP OF DOCUMENTS

Upon completion and payment in full of all monies due to **SUBCONSULTANT**, all drawings, specifications, reports, information or data prepared by or furnished to **SUBCONSULTANT** in connection with any or all work to be performed under this Agreement shall be the property of **the Client and are considered Works Made for Hire**. The **SUBCONSULTANT** shall have no liability for any claim, liability or cost arising out of any unauthorized reuse or modification by the **SUBCONSULTANT** of any work products without the written authorization of **CLIENT**.

XVI. PARTIAL INVALIDITY

If any term, covenant, condition or provision of this Agreement is found by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect, and shall in no way be affected, impaired or invalidated thereby.

XVII. HEADINGS

Headings in this Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants, and conditions of this Agreement.

XVIII. GOVERNING LAWS

The validity or construction of this Agreement, as well as the rights and duties of the parties hereinunder, shall be governed by the laws of the State specified in the Choice of Law or other applicable clause in the Prime Agreement or, if no such State is specified, then the State of Tennessee.

XIX. COMPLIANCE WITH PRIME AGREEMENT

SUBCONSULTANT hereby agrees to abide and be bound by the terms of Prime Agreement between **EUS** and its client, which is incorporated herein by reference and included as Attachment C to this Agreement. In the event of any conflict between this Agreement and any other document(s), the stricter terms and conditions shall control.

XX. SUPPLEMENTS TO AGREEMENT

The following exhibits, supplements or addendums form an integral part of this Agreement.

- Attachment "A" Scope of Work
- Attachment "B" Compensation and Payment
- Attachment "C" Prime Agreement Terms and Conditions
- Attachment "D" Mutual Non-Disclosure Agreement

XXI. ENTIRE AGREEMENT

This Agreement constitutes the whole agreement between the parties with respect to the subject matter contained herein and there are no terms other than those contained herein. No modification or amendment of this Agreement shall be valid unless in writing and signed by the parties hereto.

EUS & Associates, LLC



Signature

Name: Douglas S. Hodge, Ph.D., PMP

Title: Operations Manager

SUBCONSULTANT

Signature

Name: Bert Ballowe_____

Title: Construction Mgr_____

Date: 1/1/11_____

Attachment A

Scope of Work

For the purposes of this Contract, the Scope of Work includes:

- Providing a system installation, construction and other support as requested by EUS.

Attachment B Compensation and Payment

A. For the performance of services as set forth by this agreement, the SUBCONSULTANT shall be paid **\$50 per hour.**

C. All services should be invoiced within 30 days of final performance. EUS will provide a Subconsultant Invoice Transmittal form to be included with each invoice. ***The completed form may be attached, if so desired.*** Please send the invoice along with the completed Subconsultant Invoice Transmittal form to:

Evergreene Utility Services, LLC
4028 Taliluna Avenue
Knoxville, TN 37919
865-755-8066

Or submit via e-mail to:

hodge.dsh@gmail.com

