

# FARRIS MATHEWS BOBANGO, PLC

ATTORNEYS AT LAW

Nashville · Memphis

HISTORIC CASTNER-KNOTT BUILDING  
618 CHURCH STREET, SUITE 300  
NASHVILLE, TENNESSEE 37219

(615) 726-1200 telephone · (615) 726-1776 facsimile

Charles B. Welch, Jr.  
cwelch@farrismathews.com

Direct Dial:  
(615) 687-4230

June 20, 2012

Kenneth C. Hill, Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37219

filed electronically in docket office on 06/20/12

**RE:** Response to questions  
Docket #1100081

Dear Chairman Hill:

Below please find IRM responses to data request.

1. **Provide a copy of letter(s) from the list below stating that they do not provide wastewater service or that they are unable or unwilling to provide wastewater service to the proposed service area within the ensuing twelve (12) months:**

**Company Response:**

Please see Exhibit A attached.

2. **Provide amended witness testimony which....**

**Company Response:**

Amended pre-file testimony is being filed contemporaneously with this response in Exhibit B.

3. **Does IRM hold the deed(s) to the wastewater treatment system, collection system, drip fields and required easements to access all components of the system? If yes, provide copies of the deed(s).**

**Company Response:**

Not at this time. This will occur after completion of construction and during the warranty period of the developer/contractor.

4. **Will the Utility own the land that the system is on? If yes, provide the deed to the land.**

**Company Response:**

No.

5. **It is Staff's understanding that IRM's preference is for a perpetual easement to be provided for the land that the system is on instead of title to the deeded property. Please provide testimony and appropriate documentation showing how the land will be secured in the future.**

**Company Response:**

The Staff's understanding is correct. IRM's preference is to acquire a perpetual easement. The documentation will be identical to that filed by IRM for previous projects. {Sample Attached in Exhibit C.}

6. **Provide a proposed tariff.**

**Company Response:**

Please see Exhibit D attached.

7. **State exactly what assets will be turned over to the Utility from the Developer.**

**Company Response:**

The assets will be pumps, piping, controllers, fixed film aerobic treatment system, tanks, and all components of the treatment and collection system. The values of these are estimated at \$250,000.00. Exact amounts will be known after construction.

8. **Provide Excel spreadsheets for IRM-E Schedule 1-3 (expected 10 year build out).**

**Company Response:**

Please see Exhibit E attached.

9. **Provide evidence that the \$300,000 the developer will use to build the system is available, or a copy of the Performance Bond or Irrevocable Letter of Credit that was given to IRM by the Developer to insure completion of the wastewater system.**

**Company Response:**

Please see Exhibit F attached. The amount has been amended to \$250,000.00 due to the fact that there were modifications to the plans made that lowered the cost of this phase of the system.

**10. Provide a letter from the Developer requesting service from IRM.**

**Company Response:**

Such letter was filed with the Authority with the request for the extension time to respond to these data requests.

**11. Provide evidence that the Developer and IRM's d/b/a is registered with the Secretary of State.**

**Company Response:**

Please see Exhibit G attached.

**12. Provide a new copy of the Utility Services Agreement complete with Plat Book/Page, Warranty Deed Book/Page, name of the Developer (on page 4 of 4) and name of signatory for Genesis Properties Partners.**

**Company Response:**

Please see Exhibit H attached.

IRM hopes that these responses are to your satisfaction. If you have any further questions, please let me know.

Very truly yours,

FARRIS MATHEWS BOBANGO PLC

A handwritten signature in black ink, appearing to read "Charles B. Welch, Jr.", with a long horizontal flourish extending to the right.

Charles B. Welch, Jr.



**Mayor Kenneth Carey, Jr.**

2 North Main Street

Crossville, TN 38555

Phone (931) 484-6165

Fax (931) 484-5374

mayorcarey@cumberlandcountyttn.gov

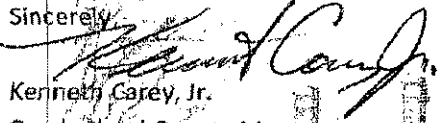
June 11, 2012

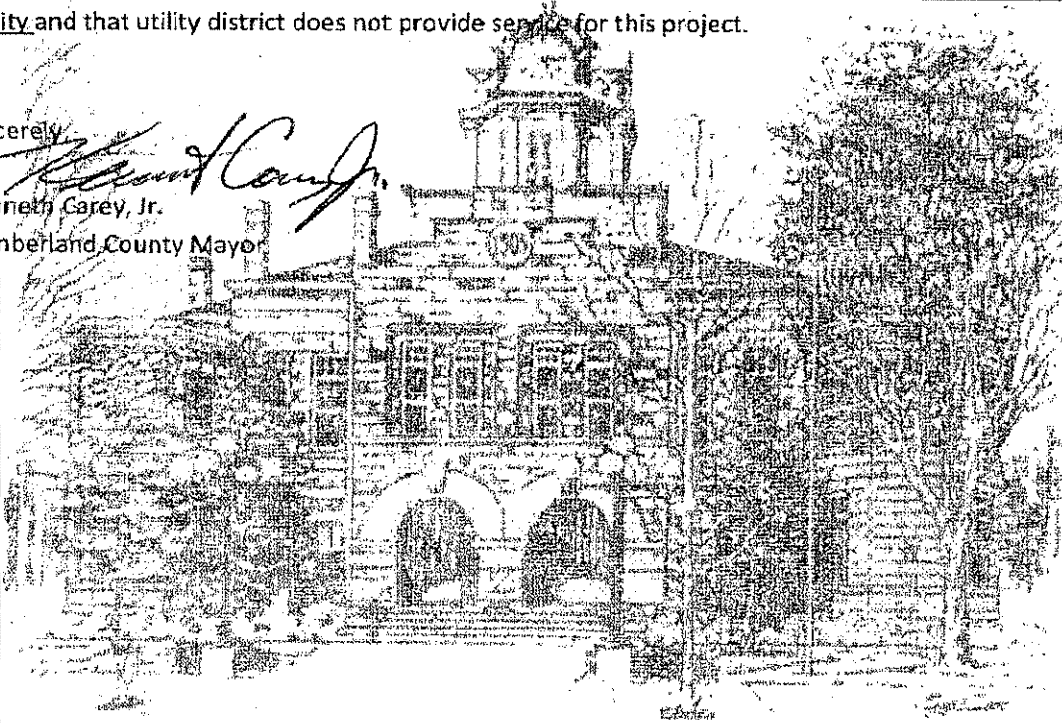
Mr. Gary Emery  
4955 Genesis Rd.  
Crossville, TN 38571

Dr. Emery,

The following district does not furnish sewer service. I appoint the board for Crab Orchard Utility and that utility district does not provide service for this project.

Sincerely,

  
Kenneth Carey, Jr.  
Cumberland County Mayor



Received Time Jun. 17. 9:25PM

## CITY OF CROSSVILLE

99 MUNICIPAL AVE.  
CROSSVILLE, TENNESSEE 38555-4477  
TEL (931) 484-6701  
FAX (931) 484-7713

OFFICE OF THE  
MAYOR

June 12, 2012

Gary Emery  
4955 Genesis Road  
Crossville, TN 38571

RE: Sewer services provided by the City of Crossville

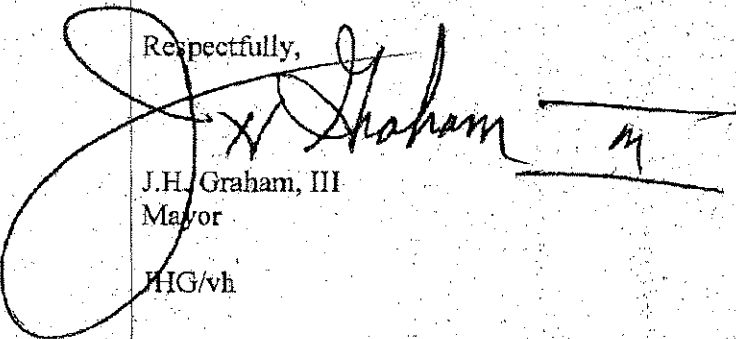
Dear Mr. Emery:

It was a great pleasure seeing you today and congratulations in regard to the residential project that you have located off Genesis Road here in Cumberland County. We wish you the best of luck in that project.

At this time, the City of Crossville, by the policy established by its City Council, only provides sewer services to those entities located within the boundaries of the City of Crossville and some situations regarding churches or schools. Therefore, we will not be able to provide sewer services for your project.

I trust that this meets with your understanding, but in the alternative, please do not hesitate to contact me, as I remain,

Respectfully,



J.H. Graham, III  
Mayor

HG/vh

# Town of Pleasant Hill

INCORPORATED 1903

P.O. Box 99

Pleasant Hill, Tennessee 38578-0099

Phone: (931) 277-3813 Fax: (931) 277-5511

June 15, 2012

RE: Gary Emery  
4955 Genesis Road  
Crossville, TN 38571

To Whom it May Concern:

The Town of Pleasant Hill does not provide sewer or sewer options for the address 4955 Genesis Road, Crossville, TN 38571. If you have any further questions, call the Town Hall at 277-3813.

Thank you,



Al Dwenger, Mayor

AD:hg

Al Dwenger, Mayor / Diane Savage, Vice Mayor  
Lisa Patrick, Wayne Sheeley, Bill McDermet, Council Members

Received Time Jun. 17. 9:25PM

# City of Crab Orchard

Est. 1797

P.O. Box 215  
338 Hebbertsburg Road  
Crab Orchard, TN 37723

Phone (931) 484-2815  
Fax (931) 484-9733

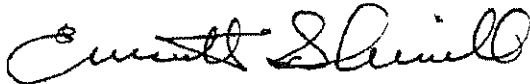
June 11, 2012

Mr. Gary Emery  
4955 Genesis Rd.  
Crossville, TN 38571

Dr. Emery,

The City of Crab Orchard does not furnish sewer service. Therefore we are not able to provide sewer service for your project.

Sincerely,



Ernest Stierman

City of Crab Orchard Mayor

Received Time Jun. 17. 9:25PM

## BEFORE THE TENNESSEE REGULATORY AUTHORITY

## NASHVILLE, TENNESSEE

IN RE:

PETITION OF INTEGRATED RESOURCE  
MANAGEMENT, INC. d/b/a IRM UTILITY,  
INC. TO AMEND ITS CERTIFICATE OF  
PUBLIC CONVENIENCE AND NECESSITY  
TO SERVE AN AREA IN CUMBERLAND  
COUNTY, TENNESSEE KNOWN AS  
GENESIS VILLAGE ESTATES

Docket No. 11-00081


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AMENDED PRE-FILED DIRECT TESTIMONY OF JEFFREY W. COX, SR.

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**Q. Please state your name for the record and your position with the Petitioner, Integrated Resource Management, Inc. d/b/a IRM Utility, Inc. ("IRM").**

**A. Jeffrey W. Cox, Sr. and I am the President of IRM.**

**Q: Are you presenting testimony on behalf of IRM?**

**A: Yes.**

**Q: Did you assist in preparing and cause the Petition in this proceeding to be filed requesting an amendment to the Company's CCN to expand its service area and extend its authority to provide wastewater services in Cumberland County, Tennessee to a residential subdivision known as Genesis Village Estates?**

**A: Yes.**

**Q: Can you describe the service you will be providing?**

**A:** Yes, the service will be the same as we have been providing in various locations pursuant to our existing CCN for a number of years. We will be operating an onsite wastewater treatment facility that beneficially reuses the water in sub-surface drip irrigation systems. This will be a residential application similar to the Emory Pointe Subdivision operated by IRM since 2004 pursuant to the order entered in Docket 04-00101. The Emory Pointe Subdivision is 30 miles to the East of this subdivision.



**Q: How many customers will be served by the proposed system?**

A: Approximately 100 three bedroom homes when the total project is complete.

**Q: Do you operate any other system in this area?**

A: Yes, as previously stated the Emory Pointe Subdivision is in neighboring Roane County.

**Q: When did IRM receive its first Certificate of Public Convenience and Necessity ("CCN") from the Tennessee Regulatory Authority ("Authority") to operate a sewer system in Tennessee?**

A: Docket 03-00467 was heard in October 2003. On March 16, 2004, pursuant to the Authority's final order, IRM was granted its first CCN.

**Q: Does IRM have the managerial, technical, and financial ability to provide wastewater service in the area referred to in the Petition?**

A: Yes. The management of IRM, which is experienced in designing, constructing and operating these type waste-water systems has not changed and the cost of construction will be paid pursuant to the terms a written agreement between IRM and the Developer which is part of the record of this proceeding. Operation and maintenance will be financed by customer rates, reserve funds required by the Authority and other capital reserves.

**Q: Has IRM contacted other utility service providers in the area to determine if they have potential plans to service the area?**

A: Yes, the offices of the City of Crossville Mayor and the County Mayor were contacted and there are no potential plans to service the area. Evidence of this fact has been acknowledged in writing by each those offices.

**Q: Have you submitted plans to TDEC for approval?**

A: Yes, the Agency has issued state operating permit No. SOP-08040, which became effective October 1, 2008.

**Q: Is all of the information in the Petition accurate to the best of your knowledge, information, and belief?**

A: Yes, it is.

**Q: Will IRM comply with all statutes, and all Authority rules, and orders pertaining to the provisioning of wastewater services in Tennessee?**

A: Yes.

**Q: Detail the public need for the wastewater system.**

A: As evidenced by letters from County and City Officials, the area is not serviced by sanitary sewer. The area cannot feasibly be serviced by typical septic tank and drain field systems. This requirement and condition is requested by the Tennessee Department of Environment and Conservation prior to issuing a State Operating Permit or SOP. IRM currently has an SOP for this project and it is SOP#08040.

**Q: Please identify and describe the expertise of those persons or firms providing technical and managerial services to IRM.**

A: IRM Utility engages various professionals. IRM relies on the firm of Farris Mathews and Bobango, PLC for assistance with regulatory compliance and Authority matters, contracts, and easement documentation. IRM employs Hal Novack of WHN Consulting to prepare and aid in financial reporting and providing financial information to the Authority and IRM on a day to day basis. With regard to technical and managerial expertise, I have been self-employed for thirty-two years and have operated a successful environmental consulting business dealing with wastewater industry issues. I have a BS degree in Microbiology with emphasis on Soil Microbiology from the Ohio State University. I am a Licensed Professional Soil Scientist, a Licensed Wastewater Operator, and a Licensed Collection System Operator. Marian J. Cox our office manager of twenty seven years has a degree in Dental Hygiene and worked in this health field while learning office management skills for ten years prior to retiring from this practice and working with my environmental consulting business. IRM has on-going relationships with qualified sub-contractors to perform routine and non-routine maintenance on the systems we operate.

**Q: Please describe with specificity the proposed services to be provided by IRM.**

A: IRM will manage the Septic Tank Effluent Pumping Systems at each residence; provide Quarterly Analysis, operation, and monitoring for the wastewater system as required by TDEC. IRM will also provide routine and non-routine maintenance for the system.

**Q: Does the City or the County require a franchise to own and operate the waste-water system?**

A: No.

**Q: What is the design capacity of the system in GPD?**

A: .03MGD (million gallons per day) or 30,000 gallons per day.

**Q: Please provide a breakdown of Contributions in Aid of Construction (land and wastewater treatment plant).**

A: The cost of this phase of the system is estimated at \$250,000.00. This will be paid by the developer and conveyed to IRM after construction and inspection. IRM will not bear any costs until it accepts ownership of the system.

**Q: Specifically, what will be conveyed Utility from the Developer?**

A: Construction and maintenance easements and a permanent easement for the underlying real property upon which the system is located as well as all components of the system such as all pipe, controls, pumps, and all other physical components of the system..

**Q: Has the scope of the project changed?**

A: Yes. The completion of Phase I of the project will require more time due to the decrease in demand because of economic and demographic changes.

~~Q: Does this conclude your testimony?~~

A: Yes.

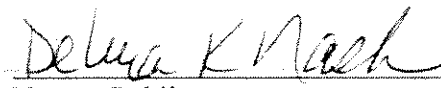
CERTIFICATION PAGE TO FOLLOW

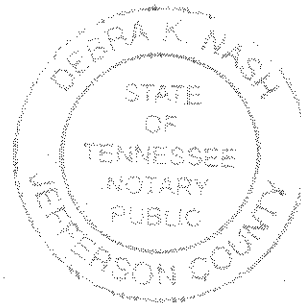
STATE OF TENNESSEE       )  
  )  
COUNTY OF JEFFERSON       )

JEFFREY W. COX, SR., having been first duly sworn, makes oath that the statements contained in the foregoing Pre-Filed Direct Testimony are true to the best of his knowledge, information, and belief.

  
\_\_\_\_\_  
JEFFREY W. COX, SR.

SWORN TO AND SUBSCRIBED before me, on this the 19th day of June, 2012.

  
\_\_\_\_\_  
Notary Public



My Commission Expires: 12-7-13

Prepared by and Return to:  
Charles B. Welch, Jr.  
Farris Mathews Bobango PLC  
The Historic Caster-Knott Building  
618 Church Street, Suite 300  
Nashville, Tennessee 37219

STATE OF TENNESSEE )  
COUNTY OF \_\_\_\_\_ )  
THE ACTUAL CONSIDERATION OR VALUE WHICHEVER IS  
GREATER, FOR THIS TRASACTION IS \$ \_\_\_\_\_.

\_\_\_\_\_  
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME, THIS THE  
\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

### PERPETUAL EASEMENT AND GRANT OF ACCESS AND ENTRY

I, \_\_\_\_\_, of this County of \_\_\_\_\_,  
State of Tennessee, record owner of real property legally described in Exhibit A and  
attached hereto and incorporated herein by this reference (the "Grantor") in  
consideration of \_\_\_\_\_, the receipt and sufficiency of which is hereby  
acknowledged, hereby grant, sell, and convey unto Integrated Resource Management,  
Inc. d/b/a IRM Utility, Inc., a Tennessee corporation, (the "Grantee"), a perpetual  
easement and right of way to construct, alter, and maintain a wastewater treatment  
system and all necessary laterals across said property for ingress and egress, being the  
real property conveyed to Grantor by deed from [previous owner], dated  
\_\_\_\_\_, of record in \_\_\_\_\_ Book, Page \_\_\_\_\_,  
[instrument number] in the Register's office for \_\_\_\_\_ County,  
Tennessee, together with the free right to enter and depart over and across such  
property, insofar as such right to enter and depart over and across such property insofar  
as such right to enter and depart is necessary to the proper use of any other right  
granted in this instrument.

Witness my hand this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF TENNESSEE )  
 )  
COUNTY OF \_\_\_\_\_ )

Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_\_.

My Commission Expires: \_\_\_\_\_

## Exhibit A

### Property Description

Being the portion of the land of James Headrick WD—538, page 695, tax parcel 124-9.03 situated in Union County, Tennessee, more particularly described as follows:

BEGINNING at a point located in a fence line on the Eastern boundary of Norris Villas, said point being North 53 deg. 34 min 30 sec West 655.97 feet from an iron pin beside a power pole in the Northern right-of-way of Big Valley Road, common corner to Norris Villas, said pin being approximately 1.9 miles Southeast of the intersection of Big Valley Road with Sharps Chapel Road; Thence from said point of BEGINNING, the following calls: North 46 deg 03 min 00 sec West 633.56 feet to a point; North 53 deg 13 min 31 sec East 579.74 feet to a point; South 30 deg 27 min 07 sec East 559.22 feet to a point; South 43 deg 44 min 49 sec West 421.79 feet to the point of BEGINNING, containing 6.766 acres as shown on Exhibit Map prepared by W. Scott Williams and Associates dated 9/1/2007.

Integrated Resource Management, Inc.  
d/b/a IRM Utility, Inc.

TRA Tariff 1-01-1  
Section 1  
2<sup>nd</sup> Revised Page 3

tabbies

EXHIBIT

D

### Wastewater Utility Service

#### CHECK SHEET

The sheets of this tariff are effective as of the date shown at the bottom of the respective sheet. Original and revised sheets as listed herein comprise all changes from the original tariff and are currently in effect as of the date listed on the bottom of this sheet.

SECTION	SHEET	REVISION
1	1	Original
1	2	Original
1	3	2 <sup>nd</sup> Revised*
1	4	Original
1	5	Original
1	6	Original
1	7	Original
2	1	Original
2	2	Original
2	3	Original
2	4	Original
2	5	Original
2	6	Original
2	7	Original
3	1	1 <sup>st</sup> Revised
4	1	Original
4	2	Original
5	1	2 <sup>nd</sup> Revised*
6	1	Original
6	2	Original
6	3	Original

Issued: May 17, 2010

Effective: June 17, 2010



Wastewater Utility Service

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COMMERCIAL SEWER SERVICE TERRITORIES

<u>Service Territory</u>	<u>County</u>	<u>TRA Docket No.</u>	
Cove Mountain Realty	Sevier	03-00467	
Valley Mart Exxon	Sevier	03-00467	
Lot 23—The River Club	Knox	04-00152	
Wild Briar Ridge★	Sevier	05-00056	
Sterling Springs★	Sevier	05-00055	
Lost Creek Campground	Union	07-00010	
Mountain Shangrila★	Sevier	06-00156	
Flat Hollow★	Campbell	07-00009	
Landing at Bird's Creek★	Sevier	07-00090	
Riverstone Estates★	Decatur	09-00099	
Cove Creek	Sevier	10-00122	(T)

★ These Service Territories contain a mix of both commercial and residential properties. Accordingly, these areas will be reflected in both the residential and commercial tariffs.

Issued: May 17, 2010

Effective: October 05, 2010

**Wastewater Utility Service**

**COMMERCIAL RATE (WITHOUT FOOD SERVICE)**

The sewer bill will be charged on a monthly basis. The customer will provide a system that has an expected design flow and quality characteristics. Special conditions such as high treatment requirement or high flows may make other systems than addressed in this tariff necessary. IRM Utility, Inc. will need to petition for rates on a case by case basis for such systems.

A minimum service charge will be \$75.00 per month for the first 300 gallons per day of design flow expected. For each additional 100 gallons per day, up to 1,000 gallons per day, an additional charge of \$15.00 per month per 100 gallons will be charged. For design flows expected over 1,000 gallons per day, up to 3,000 gallons per day, the following additional monthly charges per 1,000 gallons of daily flow will apply:

Treatment	Disposal		
	Sub-surface Drip Irrigation	Point Discharge	Off-Site
Sand, Gravel, Media Filters	\$140.00	\$165.00	-
Lagoon	\$116.00	\$140.00	-
Off-site	-	-	Pass-through & \$73.00

For design daily flows over 3,000 gallons, the monthly charge on all system configurations will be \$116.00 per 1000 gallons of daily flow.

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

Excess Water Usage	Surcharge
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	\$200.00/1000 gals

If the water meter readings exceed the design flow or analysis indicates that effluent characteristics are not as indicated by the customer's design engineer, the monthly charge will be revised to reflect the increased usage and any capital costs associated with increasing the capacity of the system or upgrading the treatment for the greater loading will be paid by the customer.

Effective October 22, 2007, 29% of the billed rate from all Commercial customers, including special contract customers, will be placed in the Company's escrow account pursuant to order of the TRA in Docket No. 07-00061.

Fees: Nonpayment - 5% Disconnection - \$10.00 Reconnection - \$15.00 Returned Check - \$20.00.

Issued: July 15, 2008

Effective: August 15, 2008

**Wastewater Utility Service**

**COMMERCIAL RATE (WITH FOOD SERVICE)**

The sewer bill will be charged on a monthly basis. The customer will provide a system that has an expected design flow and quality characteristics. Special conditions such as high treatment requirement or high flows may make other systems than addressed in this tariff necessary. IRM Utility, Inc. will need to petition for rates on a case by case basis for such systems.

A minimum service charge will be \$100.00 per month for the first 300 gallons per day of design flow expected. For each additional 100 gallons, up to a total of 1,000 gallons per day, an additional charge of \$18.00 per month per 100 gallons will be charged. For design flows expected over 1,000 gallons per day, up to 3,000 gallons per day, the following additional monthly charges per 1,000 gallons of daily flow will apply:

Treatment	Disposal		
	Sub-surface Drip Irrigation	Point Discharge	Off-Site
Sand, Gravel, Media Filters	\$170.00	\$192.00	-
Lagoon	\$142.00	\$163.00	-
Off-site	-	-	Pass Through & \$94.00

For design daily flows over 3,000 gallons, the monthly charge on all system configurations will be \$142.00 per 1000 gallons of daily flow.

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

Excess Water Usage	Surcharge
1 gallon to 1,000 gallons above expected design flow	\$210.00
1,001 gallons to 2,000 gallons above expected design flow	\$220.00
Over 2,000 gallons above expected design flow	\$220.00/1000 gals

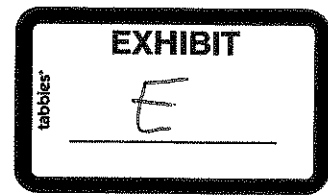
If the water meter readings exceed the design flow or analysis indicates that effluent characteristics are not as indicated by the customer's design engineer, the monthly charge will be revised to reflect the increased usage and any capital costs associated with increasing the capacity of the system or upgrading the treatment for the greater loading will be paid by the customer.

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Fees: Nonpayment - 5% Disconnection - \$10.00 Reconnection - \$15.00 Returned Check - \$20.00.

Issued: July 15, 2008

Effective: August 15, 2008



## **IRM UTILITY**

**CCN APPLICATION TO PROVIDE SERVICE TO GENESIS VILLAGE ESTATES**

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**EXHIBIT IRM-E  
CALCULATION OF PRO FORMA RATES AND COST OF SERVICE**

IRM UTILITY  
Pro Forma Rate Calculation for Genesis Village Estates  
Proposed Rates

Exhibit IRM-E  
Schedule 1

	<u>10 Year Billing Determinants</u>	<u>Proposed Rates</u>	<u>10 Year Revenue Projection</u>
Pro Forma Ten Year Revenues:			
Customer Charges (Bills)	1,062 A/	\$51.50	\$54,693.00
Less Escrow Requirements @ 29%	1,062 A/	-\$14.94	-\$15,860.97
Access Fees	341 A/	300.00	102,300.00
Total Ten Year Pro Forma Revenues			<u>\$141,132.03</u>
Ten Year Cost of Service			<u>\$141,092.86 A/</u>
Ten Year Net Operating Income Deficiency			<u>-\$39.17</u>

Genesis Village Estates will need a monthly billing rate of \$51.50 and an annual access charge of \$300 in order to cover its projected ten year cost of service of approximately \$141,000.

A/ Schedule 2.



IRM UTILITY  
Pro Forma Rate Calculation for Genesis Village Estates  
Estimated Annual Cost of Service

Exhibit IRM-E  
Schedule 3

Budget Item	Cost Classification	Monthly Cost	Annual Cost	Assumption Basis for Cost Estimates
Telephone / Telemetry	Variable	\$55.00	\$660.00	Current monthly cost for telemetry service for each subdivision
Electric	Variable	55.00	660.00	Our experience has been that electric costs are approximately \$55 per month for each subdivision
Quarterly Monitoring - Analysis	Variable	61.67	740.04	4 hours per Quarter @ \$30.00 per hour <b>plus</b> travel of 90 miles round trip @ \$0.505 per mile <b>plus</b> \$20.00 Reporting Fee.
Quarterly Monitoring - Sampling	Variable	61.67	740.04	4 hours per Quarter @ \$30.00 per hour <b>plus</b> travel of 90 miles round trip @ \$0.505 per mile <b>plus</b> \$20.00 Reporting Fee
Monthly OnSite Inspection	Variable	165.45	1,985.40	4 hours per Month @ \$30.00 per hour <b>plus</b> travel of 90 miles round trip @ \$0.505 per mile.
Permit Fee	Variable	29.17	350.00	TDEC Annual Permit Fee Rate per subdivision
Billing	Variable	200.00	2,400.00	15 hours per subdivision per month @ \$12.50 per hour
STEP Inspections	Variable	202.53	2,430.40	3 hours per Month @ \$30.00 per hour <b>plus</b> travel of 65 miles round trip @ \$0.505 per mile * 4 occurrences per Month
Office Administration	Fixed	208.33	2,500.00	Annual cost = \$25,000. We expect new systems with less than 50 taps to contribute 10% towards this cost.
Regulatory	Fixed	10.00	120.00	Annual cost = \$1,200. We expect new systems with less than 50 taps to contribute 10% towards this cost.
Accounting	Fixed	41.67	500.00	Annual cost = \$5,000. We expect new systems with less than 50 taps to contribute 10% towards this cost.
Attorney Fees	Fixed	120.00	1,440.00	Annual cost = \$14,400. We expect new systems with less than 50 taps to contribute 10% towards this cost.
Insurance	Fixed	12.17	146.00	Annual cost = \$1,460. We expect new systems with less than 50 taps to contribute 10% towards this cost.
Ad Valorem Taxes	Fixed	15.00	180.00	Annual cost = \$1,800. We expect new systems with less than 50 taps to contribute 10% towards this cost.
<b>Total</b>		<b>\$1,237.66</b>	<b>\$14,851.88</b>	



# Homeland Community Bank

## HOMELAND COMMUNITY BANK



P.O. Box 7318 Address: 900 North Chancery Street McMinnville, TN 37110  
37111

900 N. Chancery St. Phone Number: 931-507-1422

McMinnville TN 37110

Phone (931) 507-1422

Fax (931) 507-1221

www.homelandch.com

### IRREVOCABLE STANDBY LETTER OF CREDIT

Contact Name: Ray Talbert

Letter of Credit No. 1046

Date: April 17, 2012

#### Applicant:

Genesis Village Estates Townhomes, L.L.C.

P.O. Box 398

Morrison, TN 37357

#### Beneficiary:

Integrated Resource Management, Inc.

3444 Saint Andrews Drive

White Pine, Tennessee 37890

#### Amount:

\$250,000.00

#### Expiration Date:

April 17, 2013

Gentlemen:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR.

AVAILABLE BY YOUR DRAFT(S)

DRAWN ON: HOMELAND COMMUNITY BANK

DRAFT(S) MUST BE MARKED \* DRAWN UNDER HOMELAND COMMUNITY BANK CREDIT NO. 1046

WHICH MUST BE ACCOMPANIED BY THIS LETTER AND THE FOLLOWING DOCUMENTATION:

- (1) Original Letter of Credit
- (2) A signed statement by the duly authorized official of Integrated Resource Management, Inc. that Genesis Village Estates Townhomes, L.L.C. are in default of their obligation.

This Letter of Credit is deemed to be automatically extended without amendment for one year from the expiration date or any future expiration date, unless 30 days prior to such expiration date, we notify you by registered or certified mail that this Letter of Credit will not be renewed for any such additional period; however, not withstanding, in no circumstances will this Letter of Credit be automatically extended beyond the final expiration date of April 17, 2013. If you receive written notice from us that we have elected not to renew this Standby Letter of Credit, you may draw the full available amount hereunder not more than 15 days prior to the current expiration date by presenting your draft together with the original Standby Letter of Credit and your statement purportedly signed by an authorized representative that you are drawing on the Letter of Credit because you were notified by us that we did not intend to extend and renew this Standby Letter of Credit and that Genesis Village Estates Townhomes, L.L.C. has not furnished a replaced Letter of Credit satisfactory to you.

THIS CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (ISP98), ICC PUBLICATION NO. 590 AND TO THE EXTENT NOT INCONSISTENT THEREWITH, ARTICLE 5 OF THE UNIFORM COMMERCIAL CODE OF THE STATE OF TENNESSEE.

WE HEREBY ENGAGE WITH BENEFICIARY THAT DRAFTS PRESENTED IN CONFORMITY WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED ON PRESENTATION AT OUR COUNTERS AND THAT DRAFTS ACCEPTED WITHIN THE TERMS OF THIS CREDIT WILL BE DULY HONORED AT MATURITY.

VERY TRULY YOURS

HOMELAND COMMUNITY BANK

AUTHORIZED SIGNATURE

"By the People-For the People"

**COPY**  
ORIGINAL  
IN LOCK BOX US BANK  
4-19-12



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## Business Entity Verification

000237604: INTEGRATED RESOURCE MANAGEMENT, INC.

Requested By

Payment

Please verify that you want a Certificate of Existence for this business entity.

**Secretary of State Control Number: 000237604****Name:** INTEGRATED RESOURCE MANAGEMENT, INC.**Type:** Corporation For-Profit**Formed in:** TENNESSEE**Status - SOS:** Active**Standing - Annual Report:** Good**Standing - Registered Agent:** Good**Standing - Other:** Good**Standing - Revenue:** Good[Continue](#)[Cancel](#)

Division of Business Services  
312 Rosa L. Parks Avenue, Snodgrass Tower, 6th Floor  
Nashville, TN 37243  
615-741-2286

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Mr. Jeffrey W. Cox, Sr., President  
Integrated Resource Management, Inc.  
3444 Saint Andrews Drive  
White Pine, Tennessee 37890

**RE: Letter of Intent – Genesis Village Estates**

Dear Mr. Cox,

As you are aware, Genesis Village Estates Townhomes, L.L.C. ("GVE"), a Tennessee corporation and the developer of Genesis Village Estates Subdivision (the "Subdivision"), is planning to proceed with the build-out and installation of the Subdivision's wastewater system, as previously contracted with Integrated Resource Management, Inc. d/b/a IRM Utility, Inc. ("IRM") on March 27, 2008, and shortly thereafter put on hold.

As the managing partner of GVE, I would like to provide notice that we have the intention of having IRM own and operate the wastewater system at the Subdivision, located in Cumberland County as contracted.

As such, GVE will guarantee to IRM that a third-party will install this system in accordance to IRM's Rules & Regulations as required by the Tennessee Regulatory Authority. GVE also acknowledges that IRM has the exclusive right to operate the system thereafter.

In preparing for the re-start of the sewer installation and utility set-up, we are providing to IRM an Irrevocable Letter of Credit in the amount of \$ 250,000.00 with IRM as the Beneficiary for acceptable Guarantee of the construction of the system.

GVE understands this amount is an estimated number provided by IRM and may increase or decrease due to contingencies typical with construction. Contingencies may include, but are not limited to, unforeseen property conditions, material price increases or decreases, and/or the need for additional construction components. Furthermore, we acknowledge this estimate was provided by IRM under time restraints due to GVE closing opportunity and may not have included all typical review.

Genesis Village Estates Townhomes, L.L.C. acknowledges the need for IRM Utility, Inc. to amend its Certificate of Public Convenience and Necessity to include the Subdivision as part of their service territory. We understand that our Subdivision will be considered as a "Special Contract" and monthly rates are expected at 50 to 55 dollars per month. We intend to fully assist and support IRM with its petition requesting service of the Subdivision system.

We look forward to working with you.

Sincerely,

  
Managing Partner  
Genesis Village Estates Townhomes, L.L.C.

ORIGINAL  
IN LOCK BOX  
4-19-12  
US BANK

COPY



**Integrated Resource Management, Inc.**

*A Privately Owned Public Utility*

P.O. Box 642

3444 Saint Andrews Drive

White Pine, Tennessee 37890

Phone (Vol) 674-0828

Facsimile (Vol) 674-2352

Toll Free (877) 746-2910

**UTILITY SERVICES AGREEMENT**

This Utility Services Agreement (the "Agreement") is made and entered into effective the 27 day of MARCH, 2008, by and between Integrated Resource Management, Inc. d/b/a IRM Utility, Inc., a Tennessee Corporation, with its principal office located at 3444 Saint Andrews Drive, White Pine, Tennessee, 37890 (the "Utility") and GENESIS PROPERTIES PARTNERS, a Tennessee Corporation, with its principal office located at 4955 GENESIS ROAD, CROSSVILLE, Tennessee, 38571 (the "Developer"), (collectively, the "Parties").

**Recitals:**

1. Developer is the record owner of GENESIS VILLAGE ESTATES Subdivision (the "Development") as shown in Plat Book/Page \_\_\_\_\_, Warranty Deed Book/Page \_\_\_\_\_, in the \_\_\_\_\_ County, Tennessee Register of Deeds Office;

2. Developer shall construct and install a sewage collection, treatment, and disposal system (the "System") in the Development and shall convey and deliver the System to the Utility for the purpose of providing wastewater services to the Development upon completion of the construction and installation of the System; and

3. Developer and Utility enter into this Agreement to establish the terms and conditions for construction, installation, operation, maintenance, and conveyance of the System.

**NOW, THEREFORE**, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. The Developer shall construct and install the System to serve the Development in accordance with drawings, plans, and specifications selected and approved by Utility's engineers or representatives. The repair, maintenance, and replacement of the System installed to serve the Development shall be the

Utility Services Agreement

IRM Utility, Inc. & GENESIS VILLAGE ESTATE PROPERTIES, PARTNERS

GENESIS VILLAGE Subdivision CUMBERLAND County

ESTATES

responsibility of the Utility after the construction of the System is complete and accepted by the Utility.

2. The Developer shall provide a performance bond, irrevocable letter of credit or other appropriate financial security, in an amount equal to the estimated cost to construct and install the System plus ten percent (10%) of such costs, to insure complete construction of the System. The Utility shall be the named beneficiary of the financial security provided by the Developer.

3. The Developer shall provide for the payment of all necessary engineering and construction costs and/or fees. The Developer shall perform all of the work necessary for the complete and final installation of the System in accordance with the drawings, plans, and specifications approved by Utility's engineers or representatives.

4. Construction of the System shall be subject to the supervision and approval of Utility. The Utility shall have a right of inspection throughout the progress of the work. Developer agrees that it shall not backfill soils over or cover any pipe, fittings, or connections until first inspected and approved by Utility.

5. The Developer shall pay Utility a non-refundable amount equal to ten percent (10%) of the estimated construction cost of the System for the expenses incurred by the Utility during the inspection and permitting process.

6. The Utility shall petition the Tennessee Regulatory Authority ("TRA") for a Certificate of Public Convenience and Necessity ("CCN") for the Development. The Developer shall apply and provide for the payment of any fees necessary for a state operating permit to be issued in the name of the Utility by the Tennessee Department of Environment and Conservation ("TDEC"). In the event that the CCN is not issued by the TRA or the state operating permit is not issued by TDEC, the Developer agrees to release, indemnify, and hold the Utility harmless from any and all obligations associated with the Development.

7. The Developer shall have the duty to immediately repair, all breaks, leaks, or defects in the System of any type which occur within one (1) year from the date the System is accepted by the Utility. In the event that the Developer shall fail to make such immediate repairs, then the Utility shall be authorized to make such repairs at the sole cost and expense of the Developer. If the Developer fails to reimburse Utility for any costs associated with these repairs within thirty (30) days of receipt of a written demand for payment, Utility will also be entitled to recover any attorneys' fees, court costs, and any other expenses incurred to recover costs and expenses associated with repair of the system.

8. Developer will facilitate and execute Restrictive Covenants and Bylaws of the Development providing that a service agreement or contract

between the homeowner and Utility will be required by each homeowner to establish wastewater service. The service agreements or contracts to be entered into between the homeowner and the Utility will include, at minimum, a recitation that the Utility will charge an initial fee (security deposit of \$60.00); a monthly fee to be determined and established by a proposal to the TRA; and a description of the Septic Tank Effluent Pumping system that is approved by IRM-C&C.

9. Upon the issuance of the CCN to the Utility by the TRA, the Developer will turn over any and all funds collected from third parties for the purpose of operating the System.

10. Nothing contained herein shall be construed so as to restrict the Utility's right to increase the capacity or to extend the System as it may, in its sole discretion, deem appropriate, including extension of the System for the purpose of providing wastewater sewer service to customers outside of the Development.

11. The Developer hereby represents and warrants that all materials and labor attributable to the System shall be paid in full at the time of the completion of construction and installation of the System and that the System shall be free from any and all liens and encumbrances. Such representation shall survive the conveyance of the System by the Developer to the Utility, as required by paragraph 12 of this Agreement.

12. The Developer hereby represents and warrants that the System will be in conformance to the plans and specifications approved by the Utility.

13. Upon the Utility's acceptance of the System, the Developer shall convey all right, title, and interest in and to the System to the Utility. The Developer shall, upon request of the Utility, execute and deliver any and all documents necessary to convey the System and to grant the Utility an easement in and to the real property surrounding the System to such extent necessary for access to inspect, repair, replace and maintain the System.

14. If any part of this Agreement for any reason shall be declared invalid or unenforceable, such decision shall not affect the validity or enforceability of any remaining portion, which shall remain in full force and effect; provided, however, that in the event a part of this Agreement is declared invalid and the invalidity or enforceability of such part has the effect of materially altering the obligations of any Party under this Agreement, the Parties agree, promptly upon such declarations being made, to negotiate in good faith to amend this Agreement so as to put such Party in a position substantially similar to the position such Party was in prior to such declaration.

15. No Party shall have any right to assign this Agreement or any of their respective rights or obligations under this Agreement to any third party

except by operation of law or with the prior written consent of the other Parties; such consent shall not be unreasonably delayed, conditioned, or withheld. The Utility shall have no right to assign, transfer, convey, pledge, or hypothecate the permits or any interest thereto without any necessary approval of TDEC, and the prior written agreement of the purchaser or assignee to be bound by the terms and conditions of this Agreement.

16. The terms and conditions of this Agreement and the performance thereof shall be interpreted in accordance with and governed by the laws of the State of Tennessee; irrespective of its conflicts of law principles. Any claim, dispute, or other matter in question arising out of or relating to this Agreement or the breach thereof, except for claims which have been waived pursuant to this Agreement, shall be governed by the laws of Tennessee and all actions shall be instituted and litigated in the State of Tennessee in the Davidson County courts, and the Parties hereto submit to the jurisdiction of said courts. In any litigation, the prevailing party shall be entitled to recover its reasonable attorneys' fees from the losing party.

17. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior oral or written agreements or understandings of the parties with regard to the subject matter hereof. No interpretation, change, termination, or waiver of any provision hereof shall be binding upon a Party unless in writing and executed by the other Party. No modification, waiver, termination, recession, discharge, or cancellation of any right or claim under this Agreement shall affect the right of any Party hereto to enforce any other claim or right hereunder.

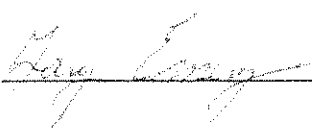
18. This Agreement shall not be amended or modified except in writing signed by the Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement as of the day and date first above written.

INTEGRATED RESOURCE  
MANAGEMENT, INC. d/b/a  
IRM UTILITY, INC.

\_\_\_\_\_, INC

By:   
Jeffrey W. Cox, Sr., its President

By:   
\_\_\_\_\_