

TENNESSEE WASTEWATER SYSTEMS, INC.

AN ADENUS UTILITY

September 30, 2014

Patsy Fulton
cc: David Foster
Tennessee Regulatory Authority
502 Deaderick Street
Nashville, TN 37243

RE: Filing of Additional documentation for 14-00062 Clovercroft Acres

Dear Ms. Fulton:

Tennessee Wastewater wishes to file the additional materials to support its petition to amend its CCN to include Clovercroft Acres. Attachment A is meant to provide supplemental information to the response to question 10 from the 9-23-14 Data Request, and Attachment B is the Letter of Understanding between the developer, TWS, and Adenus Solutions Group that formalizes the need for and our willingness to provide service to the parcel. Should you have additional questions or concerns on this matter please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Matt Pickney".

Matt Pickney, Operations Manager
Tennessee Wastewater Systems, Inc.

851 Aviation Parkway Smyrna, TN 37167
(615) 220-7202 Fax (615) 220-7207

Clovercroft Acres SD
SOP 13026
Design Flow 120 lots = 36,000 gpd

Capital Costs STEP System

Item	Capital Costs
	STEP (36,000 GPD)
Supply and Return Forcemain Lines	\$80,000
55'x90' Recirculating Sand Filter	\$225,000
Pump Supply Building w/ Equipment	\$75,000
Recirculating and Dosing Tanks with pumps	\$50,000
36,000 If Drip Dispersal lines installed w/ solenoids	\$32,000
Construction Cost	\$462,000
Land Cost (12.12 acres @ \$20,000 / ac)	\$242,400
Total Cost	\$704,400

Note:

SEC, Inc. has no control over the cost of labor, materials, equipment or services furnished by others, or over the Contractor(s)' method of determining prices, or over competitive bidding or market conditions. SEC, Inc.'s opinions of Probable Cost are made on the basis of our experience and qualifications and represent our best judgement as an experienced and qualified professional engineering firm familiar with the construction industry. SEC, Inc. cannot and does not guarantee that proposals, bids or actual project costs will not vary from Opinions of Probable Cost prepared by SEC, Inc. If prior to the Bidding or Negotiating Phase the owner wishes greater assurance as to Project Costs, the owner shall employ an independent cost estimator.



849 Aviation Parkway
Smyrna, TN 37167

This Letter of Understanding (LOU) outlines the fundamental terms of agreement and intentions between Adenus Solutions Group, LLC (ASG), Tennessee Wastewater Systems, Inc. (TWS), and Land Development Company (LDC), Developer. Signatures represent acceptance of the terms of this LOU, pending final contract.

Questions and comments should be directed to Keith Townsend at:
(615) 522-7865, or keith.townsend@adenus.com

Dated: September 30, 2014

The fundamental terms of agreement and intention between ASG, TWS, and LDC are as follows:

LDC is a developer in Williamson County, TN, and desires to develop a residential subdivision on approximately 190+/- acres of property, located on Clovercroft Road (being **Parcel ID 081 00500 00019081**, in Williamson County, TN). This property will accommodate approximately 120 lots. This lot count will be used for this Letter of Understanding.

1. TWS is willing to pursue this subject property as a service territory under its current Certificate of Convenience and Necessity (CCN), and has made a petition to the Tennessee Regulatory Authority (TRA) for this site. All items following are contingent upon TWS being granted an amendment to its CCN of the property as a utility service territory.
2. LDC has been informed that ASG and TWS share common ownership, and that LDC is not "required" to use ASG as its sewer treatment and disposal system construction Contractor. Nor, is LDC "required" to use ASG as the design engineering firm for its project. Design and construction may be "put-out" to bid by LDC. Additionally, LDC agrees to:
 - Require its design engineer to design to the specifications of TWS, and to provide a copy of design plans to TWS for review prior to submitting plans to the Tennessee Department of Environment and Conservation for review and approval.
 - Require its construction Contractor to construct the treatment and disposal system in accordance with approved plans, and submit to final construction inspection of TWS's engineer, prior to TWS accepting the system.
3. LDC agrees to pursue all necessary permits for TWS to operate the wastewater treatment and disposal system.
4. ASG is willing to pursue all necessary permits for LDC for a lump sum fee of \$4000.00, and has submitted a Professional Services Agreement (PSA) for these services.
5. LDC understands that a Design Development Report (DDR) and a Detailed Soils Investigation Report (DSIR) must be performed in order to develop property using a

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drip irrigation system for the disposal of treated wastewater in Williamson County, TN. ASG is willing to perform the DDR/DSIR for a lump sum cost of \$30,000.00. The DDR/DSIR will be billed directly to LDC as follows, and will be handled with a PSA:

- 50% of the cost of the DDR/DSIR prior to commencing the work.
- Remaining 50% of the fee after approval from County Engineer

**The \$4000.00 fee to pursue the permits for LDC, in item #4, is included in this fee and would eliminate the need for that PSA if ASG performs the DDR/DSIR.

6. LDC agrees to provide the following for the DDR/DSIR, and for engineering and construction of the treatment, disposal, and sewer collection system:
 - Approximately One (1) acre of good soil per 13 homes proposed for disposal/recycling (125 lots / 13 = 9.62 acres minimum, plus buffers).
 - Adequate land for construction of the designed Recirculating Gravel filter (and the Reserve RGF).
 - Adequate land for the construction of the storage pond required by Williamson County regulations.
 - 7 original copies of an Extra High Intensity soil map (50' grid) by Certified Soil Scientist of the drip field areas (required for permit application, DDR/DSIR, and final design plans).
 - Topography map of the entire proposed drip field areas @ a 2' contour interval (required for permit application).
 - Topography map of the entire proposed property @ a 2' contour interval (required for DDR/DSIR and for final design plans).
 - Overall site plan of the proposed project with building envelopes (Sketch plat required for permit application and for DDR/DSIR – Preliminary plat required for final design plans).
 - Lay sewer collection lines per requirements of TWS plans and specifications, to include any required pump stations, force mains, and residential service taps.
 - Single phase, 200 amp, underground electrical service to the treatment facility building.
 - Construct gravel access drive (all weather access) to the treatment facility construction site, capable of accommodating 60+ gravel/media trucks, to include any temporary or permanent bridges for creek crossings, and any associated Aquatic Resource Alteration Permits and Storm Water Pollution Prevention Plans.
 - Maintain (mow) the area of grid staking until construction has begun. Wooded areas will be cleared by ASG, if ASG is construction contractor.
 - Dedicate easements as dictated by the final design plans for access to the collection, treatment and recycling system, and for the residential services.

Timing is critical for the DDR/DSIR. The 2-foot interval topographic survey, preliminary subdivision layout, soil mapping, and the signed Professional Services Agreement with first payment must be in my possession a minimum of 21 days prior to the required submittal

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date for Planning Commission consideration in Williamson County. This would constitute notice to proceed.

7. ASG is willing to construct* the treatment and disposal system for the per lot price of \$5700.00 (125 lots * \$5500.00 = \$687,500.00). Payment will be due in 1/3 increments as follows:
 - 1/3 of fees will be due 10 days prior to the start of construction
 - 1/3 of fees will be due at 50% completion of construction
 - 1/3 of fees will be due within 15 days of completion of construction, and approval and acceptance of the system by TWS.

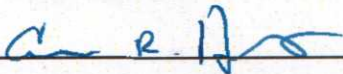
* *Construction includes: RGF, controls building, drip irrigation system @ 5-foot centers installed, Williamson County required storage pond, four-rail wood fence, Stormwater Pollution Prevention Plan for Treatment and Disposal Facility area only (subdivision and access drive are not covered), final testing of the system and start-up (after developer supplies power to the site), and final acceptance from TDEC and TWS.*
8. TWS will assume ownership of the treatment, disposal, and collection system once inspections are approved and accepted by TWS engineer. LDC will be required to enter into a Sewer Service Agreement with TWS at the time TWS accepts the system. LDC will be required to pay TWS a \$1200.00 per lot development fee for all lots presented to TWS for final plat signing. The \$1200.00 per lot fee will be due at the time TWS is requested to sign the final plat for recording (Ex. 15 lots presented for final plat * \$1200.00 per lot = \$18,000.00 due by LDC to TWS at plat signing).
9. TWS will bill Land annually in the amount of \$120.00 for each for each undeveloped or vacant platted lot. The annual \$120.00 vacant lot fee is used to offset the costs of testing and reporting in the early months or years. The first billing period will begin as soon as TWS obtains title to the entire sewer collection system, conveyance system and sewage treatment system and the necessary easements that the treatment and dispersal system will be constructed on. Rates are subject to change.
10. LDC agrees to post any bond amounts required by the County, etc., prior to final plat being signed by TWS. All bonding costs and security for bonds required by Williamson County for the sewer system during the construction of the subdivision are the responsibility of the developer.
11. Any landscaping, plant units, etc., required by Williamson County to meet the screening (opacity) requirement, are the sole responsibility of LDC.
12. Cost of tankage, components, etc, for each individual residence site and installation of sewer collection main lines and lot services is outside the scope of this agreement.
13. LDC agrees that ASG and TWS have submitted "preliminary" contracts as an example of what will be expected of LDC in the performance of this project. LDC

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agrees that changes made to TDEC regulations, or to Williamson County regulations after the date of this understanding are beyond the control of ASG and TWS, and may cause a change to the proposed costs. Assuming that no regulation changes occur, the costs and fees presented in this understanding shall be valid for a period of not more than one (1) year from the date at the beginning of this understanding, regardless of the date the parties sign. Any contracts, or agreements, between the parties that are not signed within this one-year time limit may be revised to reflect costs in effect at that time.

15. Signature acknowledges and accepts the aforementioned terms of agreement and intention.

Tennessee Wastewater Systems, Inc.
Utility Provider
Charles Hyatt



Title: President

Date: 9-30-14

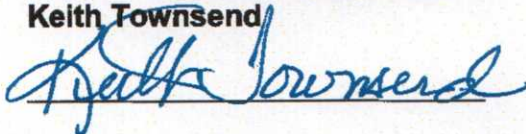
Land Development Company
Developer
Ardavan Afrakhteh



Title: President

Date: 9-30-14

Adenus Solutions Group, LLC
Keith Townsend



Title: Project Manager

Date: 9-30-2014