



## LETTER OF UNDERSTANDING

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This Letter of Understanding (LOU) outlines the fundamental terms of agreement and intentions between Tennessee Wastewater Systems, Inc. (TWS), and **Old Hillsboro Building Company, LLC (OHBC)**, Developer. Signatures represent acceptance of the terms of this LOU, pending final contract.

Questions and comments should be directed to Fred Pickney at (615) 220-7175, or [fred.pickney@adenus.com](mailto:fred.pickney@adenus.com)

Dated: December 21, 2017

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The fundamental terms of agreement and intention between TWS and OHBC are as follows:

1. OHBC is a developer in Williamson County, TN, and desires to develop a residential subdivision on approximately 353 +/- acres of property, located at 4009-33 Carter's Creek Pike (being Tax Map 103, Parcel 00900, in Williamson County, TN). This property is proposing to accommodate approximately 120 single-family residential lots (Equivalent Dwelling Units, or EDUs). This lot count will be used for this Letter of Understanding.
2. TWS is a wastewater utility and will apply for a Certificate of Convenience and Necessity (CCN) issued by the Tennessee Public Utility Commission (TPUC) to serve this property.
3. OHBC understands a State Operating Permit (SOP) issued by the Tennessee Department of Environment and Conservation (TDEC) is required for TWS to provide for wastewater service on the property. TWS will prepare, or cause to be prepared, the required SOP application to TDEC.
4. This agreement is contingent upon TDEC issuing a SOP to TWS permitting the utility to provide service to the subdivision for the requested development density and TPUC granting TWS a CCN to serve this property.
5. OHBC understands that a Design Development Report (DDR) and a Detailed Soils Investigation Report (DSIR) must be obtained to develop property utilizing a drip irrigation system for the disposal of treated wastewater in Williamson County, TN. TWS will prepare, cause to be prepared, the DDR/DSIR and ensure the reports comply with Williamson County and TWS requirements. The Engineer/Site Planner for OHBC is responsible for preparing the landscape profile and plan required by Williamson County.

6. OHBC agrees to require its site engineer to design the development site plan to accommodate the wastewater collection system, the reuse distribution system, and the project site disposal system including easements, buffers, etc. (collectively, the wastewater system) to the specifications of TWS and to provide a copy of the site plans to TWS for review. Once accepted by the utility, the site plans will be included in the wastewater system plans.
7. TWS will prepare, or cause to be prepared, the wastewater system plans and will submit the wastewater system plans to TDEC for review and approval.
8. TWS agrees to prepare, or cause to be prepared, all necessary reports and applications, including but not limited to SOPs and zoning certificates for TWS to operate the wastewater treatment and disposal system. TWS will ensure the reports comply with State and Williamson County requirements for the provision of wastewater service to the proposed development.
9. TWS will submit all plans and reports to the regulatory agencies (State and/or County).
10. OHBC agrees to provide the following for engineering and construction of the treatment, disposal, and sewer collection system:
  - 3000 SF of good soil (soil must provide 0.2 gpd/SF disposal capacity to meet this requirement) per proposed EDU for disposal/recycling (this totals at a minimum approximately 360,000 SF, plus required buffers). These soils will be transferred to TWS by warranty deed at the platting of Phase I of the proposed development.
  - Adequate land for the construction of a 40-day dry storage pond, as required by Williamson County.
  - An access easement to the dry storage pond from a public roadway provided in a form acceptable to TWS and Williamson County.
  - Topographic map (digital AutoCAD .dwg file) of the entire proposed property at a 2-foot contour interval for inclusion in the DDR/DSIR.
  - Overall site plan of the proposed project, to include proposed residential lots with building envelopes and proposed stormwater drainage plans for inclusion in the DDR/DSIR (digital AutoCAD .dwg file).
  - Lay/install and pay all costs associated with the installation of residential collection lines per the approved plans and specifications, including any required pump stations, residential service taps, and any force mains required

to connect any pump station to the collection main lines returning to the Treatment Facility (TF).

- Construct an all-weather access driveway to the treatment facility site capable of accommodating 80+ gravel/media trucks.
  - Single phase, 100 amps underground electrical service to any required pump stations.
  - Single phase, 200 amps underground electrical service to the treatment facility building.
  - Maintain, including mowing, the area of soil map grid staking, which stakes are not be removed, until construction has begun.
  - Dedicate easements from a public roadway as dictated by the final design plans, in a form acceptable to TWS as required by TWS for ingress/egress access to the collection, treatment and reuse/disposal system, the storage impoundment, and for each residence proposed to be served by the wastewater system identified on the final plat.
11. TWS may require the installation of additional piping infrastructure through the OHBC development to accommodate future development and/or expansion of the collection, treatment, or disposal system. OHBC agrees to provide TWS any easements necessary for the extension of this infrastructure. TWS has the right to extend the piping infrastructure at any time and in its sole discretion. TWS will be responsible for any costs associated with extending the piping infrastructure.
12. TWS will provide treatment and disposal capacity to the project for the per lot capacity development fee of \$7200.00 per lot. Payment of the capacity development fees will be due per the following schedule for construction of the treatment facility: 120 EDUs \* \$7,200.00 per EDU = \$864,000.00.
- 25% (\$216,000.00 U.S. Dollars) of fees will be due 10 days prior to the start of construction of the treatment and disposal facility.
  - 50% (\$432,000.00 U.S. Dollars) of fees will be due at 50% completion of construction of the treatment and disposal facility.
  - 25% (\$216,000.00 U.S. Dollars) of fees will be due within 15 days of completion of construction and approval and acceptance of the system by TWS and the Tennessee Department of Environment and Conservation.

**Construction of the wastewater treatment and disposal facilities must be completed prior to recording the plat for Phase I of the development.**

13. TWS agrees to perform the following:

- Surveying and mapping of the soils required for the SOP application and the DDR/DSIR application.
- Design by TWS of the wastewater treatment, disposal, and residential collection system piping infrastructure.
- Construction by TWS of treatment and disposal capacity for the project, including the TF construction, the drip field disposal installation, the 40-day dry storage pond required by Williamson County, and fencing of the constructed components with four-rail wood fence.
- Both parties agree to work diligently to start and complete the TF, drip fields, pond, and fencing to meet mutually agreed-upon construction timelines.
- Regulatory coordination, new customer accounts database set-up, engineering review, and construction inspection (including, but not limited to sewer collection/reuse mains, subdivision collections mains, individual residential tank and lot services).

\*No home will be released to connect to the sewer collection system, or to the treatment and disposal system, until the Developer has paid all capacity development fees.

14. TWS will assume ownership of the treatment, disposal, and collection system once inspections are approved and accepted by TWS. OHBC will transfer ownership of the land required for the wastewater treatment, storage, and disposal system, and dedicate all required easements at the execution of the Phase I final plat, and prior to recording.
15. OHBC agrees and understands the wastewater treatment system will not be placed into operation until all easements and deeds have been transferred to TWS.
16. OHBC agrees to post any bond amounts required by TWS, the County, and any other interested parties for the components of the wastewater collection, treatment, and disposal system as required for that phase of the development prior to TWS signing the final plat.
17. This agreement does not relate to the responsibilities and costs of tankage, components, etc., for each individual residence site, nor the installation of sewer collection/reuse

main lines, pump stations, and lot services. These items are outside the scope of this agreement.

18. OHBC acknowledges and agrees that any changes to TDEC regulations, TPUC rules, and/or Williamson County regulations after the date of the execution of this agreement are beyond the control of TWS and may cause a change to the proposed costs, processes, or TWS's ability to provide services to the proposed property. 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 of this agreement, regardless of the date this agreement is executed by the parties. Any further contracts or agreements required to be executed between the parties for the provision of wastewater services not executed within this one-year time limit will be revised to reflect any change in costs in effect at that time.
19. In the event the property fails to be developed, either Party may terminate this agreement upon written notice to the other. In the event the property fails to be developed and the agreement is terminated, OHBC agrees to reimburse TWS for all out-of-pocket costs related to all services that have been performed in the effort to provide wastewater services to the proposed development including, but not limited to, reimbursement for DDR/DSIR expenses, filing and review fees, regulatory fees, construction costs, and all legal fees incurred in the pursuit of obtaining regulatory approval to provide wastewater services to the development.

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Letter of Understanding  
Sweet Apple Hill Subdivision  
Old Hillsboro Building Company, LLC  
December 21, 2017

**Tennessee Wastewater Systems, Inc.**  
**Utility - Charles Hyatt**

  
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Title: President

Date: 12-27-17

**Old Hillsboro Building Company, LLC**  
**Developer – Eddie Miles**

  
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Title: Chief Manager

Date: 12/22/2017