

**EAST SEVIER COUNTY UTILITY DISTRICT
BOARD OF COMMISSIONERS MEETING
December 12, 2017
5:30 PM**

AGENDA

- 1) Call to Order by President Roy Ivey
- 2) Motion to approve the minutes of the November 14, 2017 meeting
- 3) Motion to approve Accounts Payable Listing in total as submitted

REPORTS:

- 4) Alliance Water Resources – Operations/Financial Report

PERSONS TO BE HEARD: *****ONE AT A TIME AS RECOGNIZED** When it is your turn to speak, please stand and state your name.***

- 5) Customers' Comments; Questions; and Concerns

OLD BUSINESS:

- 6) None

NEW BUSINESS:

- 7) Motion to amend McGill Engineering water project agreement
- 8) Resolution to approve of USDA Loan/Grant regarding Wastewater Project
- 13) Next regular meeting date Tuesday, January 11, 2018 at 5:30 PM (possible Thursday discussion)

- 14) Adjournment

Prepared 12/08/17

MINUTES

BOARD OF COMMISSIONERS OF THE EAST SEVIER COUNTY UTILITY DISTRICT

Tuesday, November 14, 2017

The Board of Commissioners of the East Sevier County Utility District met at 5:30 p.m. on Tuesday, November 14, 2017, in the Office of the East Sevier County Utility District, 1529 Alpine Drive, Sevierville, TN 37876. Commissioners present were Roy Ivey, President; Barbara Darby, Secretary/Treasurer; and Janice Brooks–Headrick.

President Roy Ivey called the meeting to order at 5:36 p.m. for any old or new business.

Barbara Darby motioned to approve the minutes of the October 10, 2017, meeting. Janice Brooks-Headrick seconded the motion. Motion carried

Janice motioned to approve the Accounts Payable to-be-paid list. Barbara seconded the motion. Motion carried.

Reports

James Ford went over the Alliance Operations Report, including the current water and wastewater projects, meeting with Aqua Clear to improve the water quality, and putting a monthly flushing plan in place. Samples were taken at Well C, which were acceptable. The field staff repaired four leaks in October.

Evan Romo submitted the financial report to the Commissioners.

Persons to be Heard

Ron Cooley presented to the Commissioners pictures of Trailer Park Lane after field staff had done repairs there. The Homeowners' Association spent \$1,958 to grade and gravel the road. After our repairs, most of the gravel had been lost, and the Association is asking for a \$700 reimbursement from East Sevier County Utility District for the loss.

Debbie Lewis, who lives on Dogwood, reported that an East Sevier County Utility District employee ran a sewer line from her neighbor's house across the creek, damming the creek. She then stated that her neighbor had recently brought in equipment and dammed the creek. Evan said that the field staff will investigate the issue.

Old Business

Evan gave each Commissioner a copy of the Offsite sewer contract and recommended that the Commissioners approve it. Janice motioned to approve the contract, and Barbara seconded the motion. Motion carried. Approval is pending to allow for the following changes: that Exhibit B is added, that a rate structure page is added, and that the notary requirement is eliminated from the Commissioners' signature page.

Evan recommended approval of the Hibernation Station Agreement. He is to present figures of the additional revenue that the Agreement will generate for the District. Barbara motioned in favor of approving the new Agreement; Janice seconded the motion. Motion carried.

New Business

Barbara motioned to engage Mitchell, Emert, and Hill, CPAs, for \$7,300 to perform the July 01, 2016, through June 30, 2017, audit. Janice seconded the motion. Motion carried.

Evan presented to the Board the "Red Flag Policy," including a new application for water and sewer service that will better guard against identity theft than the form currently used. Completed forms will be kept in a secure file. Janice motioned to approve the new policy; Barbara seconded the motion. Motion carried.

A discussion ensued concerning the naming of new signatories for the East Sevier County Utility District First Tennessee bank accounts. Roy Ivey and Barbara Darby will remain signatories; James Ford and Brenda Fields of Alliance Water Resources will be added as signatories. At no time will two Alliance employees be permitted to sign any check with the exclusion of a Commissioner's signature. Barbara motioned to add James and Brenda as signatories; Janice seconded the motion. Motion carried.

A discussion ensued concerning the signing of the Waterworks Revenue Bonds Interim Closing Documents for \$266,000. Barbara motioned to approve the signing of the documents. Janice seconded the motion. Motion carried. Evan Romo submitted the corresponding Report on Debt Obligation, State Form CT-0253, to the Board of Directors.

A discussion ensued concerning the signing of the Waterworks Revenue Bonds Interim Closing Documents for \$291,000. Janice motioned to approve the signing of the documents. Barbara seconded the motion. Motion carried. Evan Romo submitted the corresponding Report on Debt Obligation, State Form CT-0253, to the Board of Directors.

A request to have utilities paid automatically out of the East Sevier County Utility District's First Tennessee Bank account so that checks would no longer have to be generated for these payments was presented to the Board for approval. Barbara motioned to approve the request. Janice seconded the motion. Motion carried.

The next regular meeting will be held on, Tuesday, December 12, 2017, at 5:30 p.m.

Adjournment

Roy Ivey motioned, and Barbara Darby seconded, to adjourn the meeting at 6:10 p.m. Motion carried.

Secretary-Treasurer

12/05/17

EAST SEVIER COUNTY UTILITY DISTRICT

Transactions by Account

As of December 12, 2017

Type	Date	Num	Name	Amount
Cash in Checking - O & M Fund				
Check	12/12/2017	18278	Bradley Moore	-105.00
Check	12/12/2017	18279	Randel L. Stanley	-105.00
Check	12/12/2017	18280	Worth Baker	-105.00
Check	12/12/2017	18281	Laura Karkau	-105.00
Check	12/12/2017	18282	Billy N. Brown	-105.00
Check	12/12/2017	18283	Harold and Rocio Riley	-105.00
Check	12/12/2017	18284	Donald Hodge	-105.00
Check	12/12/2017	18285	Raul Hernandez	-105.00
Check	12/12/2017	18286	Kathy Blue	-105.00
Check	12/12/2017	18287	Cindy Cook	-105.00
Check	12/12/2017	18288	Joey Burnett	-105.00
Check	12/12/2017	18289	Harvey Hall	-105.00
Check	12/12/2017	18290	James H. Duke, Jr.	-105.00
Check	12/12/2017	18291	Michael D. Mathews	-105.00
Check	12/12/2017	18292	John B. Kerr	-105.00
Check	12/12/2017	18293	Tony Brown	-105.00
Check	12/12/2017	18294	David and Melissa Petrie	-105.00
Check	12/12/2017	18295	Christopher and Alana M...	-105.00
Check	12/12/2017	18296	Richard and Tonia Johnson	-105.00
Check	12/12/2017	18297	Billy W. and Jean Taylor	-105.00
Check	12/12/2017	18298	Ryan Rental Enterprise, I...	-105.00
Check	12/12/2017	18299	Andrea Brewer	-105.00
Check	12/12/2017	18300	William Schiesz, Sr.	-210.00
Check	12/12/2017	18301	Ronnie Proffitt	-105.00
Check	12/12/2017	18302	Buddy Bounds	-105.00
Check	12/12/2017	18303	Robert Tenold	-105.00
Check	12/12/2017	18304	First Tennessee Bank, NA	-2,000.00
Check	12/12/2017	18305	First Tennessee Bank, NA	-24,000.00
Check	12/12/2017	18306	EMPOA - ROAD FUND	-700.00
Check	12/12/2017	18307	Alliance Water Resource...	-37,882.41
Check	12/12/2017	18308	Sevier County Electric Sy...	-942.88
Check	12/12/2017	18309	Andrew Alfonso	-182.86
Check	12/12/2017	18310	Sevier County Water Dep...	-38.41
Check	12/12/2017	18311	Sevier County Electric Sy...	-830.38
Check	12/12/2017	18312	Power Pumping	-600.00
Check	12/12/2017	18313	City of Pigeon Forge	-31.77
Check	12/12/2017	18321	Sam's Club	-100.00
Check	12/12/2017	18322	Mark Jendrek, P.C.	-112.50
Check	12/12/2017	18323	The Mountain Press	-22.65
Check	12/12/2017	18324	Hubert Estep	-60.00
Check	12/12/2017	18325	Gary Moore	-105.00
Check	12/12/2017	18326	John McMichael	-105.00
Check	12/12/2017	18327	Valley Dream Properties, ...	-277.05
Check	12/12/2017	18272	Brooks-Headrick, Janice	-266.05
Check	12/12/2017	18273	Barbara Darby	-266.05
Check	12/12/2017	18274	Roy Ivey	-350.00
Check	12/12/2017	18275	Roy Ivey	-350.00
Check	12/12/2017	18276	Barbara Darby	-350.00
Check	12/12/2017	18277	Janice Brooks - Headrick	-350.00
Total Cash in Checking - O & M Fund				-72,513.01
TOTAL				-72,513.01



OUR MISSION

We partner with communities to deliver the finest water and wastewater services available at a competitive price. We are committed to keeping water safe and clean while serving people and taking care of communities with improved technical operations, careful management and financial oversight, and ensured regulatory compliance.

Alliance Water Resources, Inc.

**206 S. Keene St.
Columbia, MO
65201**

(573)874-8080

OPERATIONS REPORT – East Sevier County Utility District November 2017

Administrative

The billing software was updated to ensure streamlined communication with main office and customers.

Treatment

Treatment at the wells is monitored daily.

Filter change out schedule continues to be fine tuned to ensure maximum efficiency and quality to consumer.

Treatment at the wastewater plant is effective. All samples taken during the month of November were within permit limits.

Collection/Distribution

Three new tanks were set at Sherwood Forrest.

Performed maintenance on pump station at Sherwood Forrest.

The winterizing of well sites and booster stations is near completion.

Heaters were installed at all offsite plants.

Staff painted the repair work on ESCUD office building.

Personnel continued repair work on distribution system as issues were discovered.

Customer Service

The flushing program continues to be developed/implemented.

Project Updates

Continued communication and progress on USDA funding projects. The District has been reimbursed for payments made toward the water project.

Safety

Alliance holds monthly safety meetings with all staff. The November training covered flagger training, confined space entry, and trenching and excavating.



OPERATIONS REPORT – East Sevier County Utility District

Regulatory

All water samples taken during the month of November had favorable results. Wastewater samples that were analyzed onsite all were within permit limits.

Training

Personnel are being trained on Alliance policies and procedures. Cross training on water and wastewater treatment monitoring has begun to ensure well rounded professional abilities.

Concerns for the Month

Staff continues to search for and repair water leaks.

Positives for the Month

“Red Flag” policy has been successfully implemented.

Continued communication with USDA on the water and wastewater projects.

Leak Repairs

Repairs made on Black Oak, Lin Creek, Hemlock, and Beech Ct.

A 4 inch ball valve was installed on Well C drain pipe.

A broken line was repaired at Sherwood Forrest.

Three leaks were repaired at Smoky Mountain Ridge.

**East Sevier County Utility District, TN
Treasury Report**

Billing Charges For the Month of:	Nov-17	
Water Revenue		16,327.47
Sewer Revenue		34,616.78
Sales Taxes		1,334.42
Late Charges		375.63
Installation Fees-Water		-
Installation Fees-Sewer		-
Other Miscellaneous Fees		12,275.90
Returned Checks		-
Deposits Applied		-
Customer Refunds Paid		-
Total Billing Charges		<u><u>64,930.20</u></u>
Water Gallons Billed		<u><u>569,384</u></u>
Water Customers Billed		<u><u>241</u></u>
Sewer Gallons Billed		<u><u>440,320</u></u>
Sewer Customers Billed		<u><u>564</u></u>

Accounts Receivable	Nov-17	
Beginning Balance		37,165.83
Billing Charges		64,930.20
Bad Debt Recoveries (Write Offs)		(845.57)
Accounts Receivable Collections		<u>(57,754.59)</u>
End of Month Accounts Receivable		<u><u>43,495.87</u></u>

Water Revenue Checking	Nov-17	
Beginning Balance		22,757.87
Deposits:		
Accounts Receivable Collections		57,754.59
Sherwood Forest Equipment & Installation		17,376.00
Additional Deposits in Bank; not posted yet		1,148.00
Interest		-
		<u>76,278.59</u>
Disbursements:		
Accounts Payable Checks		(86,636.33)
TN TAP - Sales Tax		(1,487.00)
Payroll Taxes		(382.64)
Transfer to Alpine Road Funding		(2,000.00)
Debit Card Charges		(1,075.73)
Refund Checks		(1,505.00)
Returned Checks		<u>(111.75)</u>
End of Month Balance		5,838.01
Cash Receipts Collected To Date in:	Dec-17	5,466.01
Transfer from Alpine Road Funding Account	Dec-17	139,119.58
Bills Submitted for Payment in:	Dec-17	<u>(72,513.01)</u>
Available Balance		<u><u>77,910.59</u></u>

East Sevier County Utility District, TN
Treasury Report
Summary of Cash and Investments
November 30, 2017

Bank Account / Security	Maturity Date	Beginning Balance	Deposits	Interest Earned	Payments	Ending Balance
Checking Acct-Operations		22,757.87	76,278.59	-	(93,198.45)	5,838.01
Checking Acct-Alpine Road Funding		8,000.00	406,736.99	-	-	414,736.99
Total Cash and Investments		30,757.87	483,015.58	-	(93,198.45)	420,575.00

**EAST SEVIER COUNTY UTILITY DISTRICT
BILLING SUMMARY**

DATE	SEWER REVENUE		SEWER GALLONS (000s)		NO. OF CUSTMRS	W&S CUSTMR RECEIPTS
	TOTAL	YTD TOTAL	TOTAL	YTD TOTAL		
Nov-17	34,617	166,066	440	2,705	564	57,755
Oct-17	43,559	131,450	878	2,265	560	50,904
Sep-17	30,999	87,890	447	1,387	560	29,500
Aug-17	31,299	56,891	477	940	564	30,470
Jul-17	25,592	25,592	463	463	567	31,486

**EAST SEVIER COUNTY UTILITY DISTRICT
BILLING SUMMARY**

DATE	WATER REVENUE		WATER GALLONS (000s)		NO. OF CUSTMRS
	TOTAL	YTD TOTAL	TOTAL	YTD TOTAL	
Nov-17	16,327	100,249	569	3,468	241
Oct-17	33,469	83,922	1,120	2,899	241
Sep-17	16,798	50,453	572	1,779	239
Aug-17	16,944	33,655	614	1,207	241
Jul-17	16,711	16,711	593	593	241

East Sevier County Utility District
1529 Alpine Drive
Sevierville, TN 37876
(865) 453-6704

Memorandum

Discussion/Action

To: East Sevier County Utility District Board of Directors

From: Staff

Date: December 2017

Re: McGill Contract Amendment

McGill was originally contracted for engineering services relating to Phase 1 of the Well C project which has been completed. Additional work has been performed and will be done for Phases 2 and 3 which consist of the completion of Well C and main replacement along Alpine Drive. A contract amendment is attached for approval by the Board.



December 4, 2017

Roy Ivey, Chairman
East Sevier County Utility District
1529 Alpine Drive
Sevierville, TN 37876

RE: Amendment to Engineering
Agreement for Water System
Improvements

Dear Mr. Ivey:

In reviewing our contract dated July 7, 2015 with the Utility District, I feel we have performed significant work outside the original scope of the contract in regards to the water system improvements.

In short, we are/were contracted to prepare engineering plans and specs for 1 (one) prime contract:

- 1) Well C and Alpine Drive (under 1 prime contract)

However, with the chain of events related to Well C, we have had to perform the same work but under 3 (three) prime contracts:

- 1) Contract #1: Well C – (Phase 1) completed by Suez
- 2) Contract #2: Well C – (Phase 2) to be completed by bid and award per RD
- 3) Contract #3: Alpine Drive-(Phase 3) to be completed by bid and award per RD

The out-of-scope work started approximately Sept/Oct 2016 and continues to-date. I have attached the specific contract section outlining the original requirement for the water system improvements project.

Please let me know if you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink that reads "Jamie Carden".

Jamie Carden, P.E.
Office Manager/Principal

This is **EXHIBIT K**, consisting of 3 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated December 4, 2017.

AMENDMENT NO. 1 TO OWNER-ENGINEER AGREEMENT

1. Background Data

- a. Effective Date of Owner-Engineer Agreement: December 4, 2017
- b. Owner: East Sevier County Utility District
- c. Engineer: McGill Associates, P.A.
- d. Project: Water System Improvements

2. Nature of Amendment

- Additional Services to be performed by Engineer
- Modifications to Services of Engineer
- Modifications to Responsibilities of Owner
- Modifications to Payment to Engineer
- Modifications to Time(s) for rendering Services
- Modifications to other terms and conditions of the Agreement

3. Description of Modifications

Amendment to the Agreement for Engineering Services dated July 7, 2015 for:

Exhibit J: Article 2 – C2.01 Compensation for Basic Services (ADDED scope of services; INCREASE in fee)

Attachments:

- 1) Letter dated December 04, 2017 from Jamie Carden, PE of McGill Associates to Utility District
- 2) Page from Exhibit A: A1.03 Final Design Plans – (D)

Owner and Engineer hereby agree to modify the above-referenced Agreement as set forth in this Amendment. All provisions of the Agreement not modified by this or previous Amendments remain in effect. The Effective Date of this Amendment is December 4, 2017.

OWNER:

East Sevier County Utility District

By: _____

Title: Chairman

Signature: _____

Date: _____

ENGINEER:

McGill Associates, P.A.

By: Jamie Carden, P.E.

Title: Office Manager/Principal

Signature: 

Date: 12/04/17

MODIFICATIONS

The Scope of Services currently authorized to be performed by Engineer in accordance with the Agreement dated July 15, 2015 and previous amendments, if any, is modified as follows:

EXHIBIT J:

ARTICLE 2, C.2.01 (COMPENSATION FOR BASIC SERVICES), A (1) shall be modified by the following change in the scope of services:

SCOPE OF SERVICES CHANGE FOR: Compensation for Basic Services

McGill Associates is/was contracted to prepare engineering plans and specs for 1 (one) prime contract:

- 1) Well C and Alpine Drive (under 1 prime contract)

However, with the chain of events related to Well C, McGill Associates has had to perform the same engineering work but under 3 (three) prime contracts:

- 1) Contract #1: Well C – (Phase 1) completed by Suez
- 2) Contract #2: Well C – (Phase 2) to be completed by bid and award per RD
- 3) Contract #3: Alpine Drive - (Phase 3) to be completed by bid and award per RD

The out-of-scope work started approximately Sept/Oct 2016 and continues to-date. I have attached the specific contract section outlining the original requirement for the water system improvements project.

Based on the information above, McGill Associates continued to provide the necessary services required to:

- o Ensure the proper design, construction techniques, and quality of work were implemented at Well C for Phase 1
- o Ensure the proper design elements are in place for the upcoming Phase 2 of Well C.
- o Ensure the proper design elements are in place for the upcoming Phase 3 for Alpine Drive.

Therefore,

EXHIBIT J

ARTICLE 2, C.2.01 (COMPENSATION FOR BASIC SERVICES), A (1), shall be amended as follows:

Compensation for Basic Services	
Well C Improvements – Prel/Final Design	\$ 20,500.00 (increase)
Well C Improvements – Bidding and Award	\$ 4,500.00 (increase)

This compensation amount is based on the ADDED change in scope of services described above.

D. The number of prime contracts for Work designed or specified by Engineer upon which the Engineer's compensation has been established under this Agreement is 1. If more prime contracts are awarded, Engineer shall be entitled to an equitable increase in its compensation under this Agreement.

A1.04 *Bidding or Negotiating Phase*

- A. After acceptance by Owner of the bidding documents and the most recent opinion of probable Construction Cost as determined in the Final Design Phase, and upon written authorization by Owner to proceed, Engineer shall:
1. Assist Owner in advertising for and obtaining bids or proposals for the Work and, where applicable, maintain a record of prospective bidders to whom Bidding Documents have been issued, attend pre-bid conferences, if any, and receive and process contractor deposits or charges for the bidding documents.
 2. Issue addenda as appropriate to clarify, correct, or change the bidding documents.
 3. Provide information or assistance needed by Owner in the course of any negotiations with prospective contractors.
 4. Consult with Owner as to the acceptability of subcontractors, suppliers, and other individuals and entities proposed by prospective contractors for those portions of the Work as to which such acceptability is required by the bidding documents.
 5. If bidding documents require, the Engineer shall evaluate and determine the acceptability of "or equals" and substitute materials and equipment proposed by bidders, but subject to the provisions of paragraph A2.02.A.2 of this Exhibit A.
 6. Attend the Bid opening, prepare Bid tabulation sheets, and assist Owner in evaluating Bids or proposals and in assembling and awarding contracts for the Work.
 7. Perform or provide the following additional Bidding or Negotiating Phase tasks or deliverables:
 8. Upon award of the Construction Contract, the Engineer shall furnish 4 executed copies of the Contract Documents.
- B. The Bidding or Negotiating Phase will be considered complete upon commencement of the Construction Phase or upon cessation of negotiations with prospective contractors (except as may be required if Exhibit F is a part of this Agreement).

A1.05 *Construction Phase*

- A. Upon successful completion of the Bidding and Negotiating Phase, and upon written authorization from Owner, Engineer shall:
1. *General Administration of Construction Contract:* Consult with Owner and act as Owner's representative as provided in the Construction Contract. The extent and limitations of the

East Sevier County Utility District
1529 Alpine Drive
Sevierville, TN 37876
(865) 453-6704

Memorandum

Discussion/Action

To: East Sevier County Utility District Board of Directors

From: Staff

Date: December 2017

Re: Resolution to Approve USDA Wastewater Project

The USDA loan resolution for the upcoming wastewater project is attached. Staff recommends approval of the loan resolution.

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Board of Directors

OF THE East Sevier County Utility District

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

Provide wastewater services to customers

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the East Sevier County Utility District

(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

Five Hundred Fifty-Five Thousand & 00/100

pursuant to the provisions of laws of the State of Tennessee; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ _____

under the terms offered by the Government; that the President

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas _____ Nays _____ Absent _____

IN WITNESS WHEREOF, the Board of Directors of the East Sevier County Utility District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this _____, _____ day of _____

(SEAL)

Attest:

By Roy Ivey
Title President

Barbara Darby
Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the East Sevier County Utility District
hereby certify that the Board of Directors of such Association is composed of
_____ members, of whom, _____ constituting a quorum, were present at a meeting thereof duly called and
held on the _____ day of _____; and that the foregoing resolution was adopted at such meeting
by the vote shown above, I further certify that as of _____,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
rescinded or amended in any way.

Dated, this _____ day of _____

Barbara Darby
Title Secretary

Water and Waste System Grant Agreement
United States Department of Agriculture
Rural Utilities Service

THIS AGREEMENT dated _____, between

East Sevier County Utility District

a public corporation organized and operating under

laws of the State of Tennessee

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under its jurisdiction at an estimated cost of \$ 1,000,000.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 555,000.00 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 555,000.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 445,000.00 or 44.50 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 44.50 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated _____, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment(use continuation sheets as necessary).

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/1997]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 445,000.00 which it will advance to Grantee to meet not to exceed 44.50 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

President

attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

By

Barbara Darby

(Title) **Secretary**

By

Roy Ivey

(Title) **President**

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By

(Title)

EQUAL OPPORTUNITY AGREEMENT

This agreement, dated _____ between
East Sevier County Utility District

(herein called "Recipient" whether one or more) and United States Department of Agriculture (USDA), pursuant to the rules and regulations of the Secretary of Labor (herein called the 'Secretary') issued under the authority of Executive Order 11246 as amended, witnesseth:

In consideration of financial assistance (whether by a loan, grant, loan guaranty, or other form of financial assistance) made or to be made by the USDA to Recipient, Recipient hereby agrees, if the cash cost of construction work performed by Recipient or a construction contract financed with such financial assistance exceeds \$10,000 - unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965.

1. To incorporate or cause to be incorporated into any contract for construction work, or modification thereof, subject to the relevant rules, regulations, and orders of the Secretary or of any prior authority that remain in effect, which is paid for in whole or in part with the aid of such financial assistance, the following "Equal Opportunity Clause":

During the performance of this contract, the contractor agrees as follows:

- (a) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited, to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the USDA setting forth the provisions of this nondiscrimination clause.
- (b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- (c) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the USDA, advising the said labor union or workers' representative of the contractor's commitments under this agreement and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (d) The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of all rules, regulations and relevant orders of the Secretary of Labor.
- (e) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, rules, regulations, and orders, or pursuant thereto, and will permit access to his books, records, and accounts by the USDA Civil Rights Office, and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (f) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by Law.
- (g) The contractor will include the provisions of paragraph 1 and paragraph (a) through (f) in every subcontract or purchase order, unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the USDA may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the USDA, the contractor may request the United States to enter into such litigation to protect the interest of the United States.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0018. The time required to complete this information collection is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

2. To be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: Provided, that if the organization so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.
3. To notify all prospective contractors to file the required 'Compliance Statement', Form RD 400-6, with their bids.
4. Form AD-425, Instructions to Contractors, will accompany the notice of award of the contract. Bid conditions for all nonexempt federal and federally assisted construction contracts require inclusion of the appropriate "Hometown" or "Imposed" plan affirmative action and equal employment opportunity requirements. All bidders must comply with the bid conditions contained in the invitation to be considered responsible bidders and hence eligible for the award.
5. To assist and cooperate actively with USDA and the Secretary in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and rules, regulations, and relevant orders of the Secretary, that will furnish USDA and the Secretary such information such as , but not limited to, Form AD-560, Certification of Nonsegregated Facilities, to submit the Monthly Employment Utilization Report, Form CC-257, as they may require for the supervision of such compliance, and that it will otherwise assist USDA in the discharge of USDA's primary responsibility for securing compliance.
6. To refrain from entering into any contract or contract modification subject to such Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and Federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by USDA or the Secretary of Labor pursuant to Part II, Subpart D, of the Executive Order.
7. That if the recipient fails or refuses to comply with these undertakings, the USDA may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the organization under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such organization; and refer the case to the Department of Justice for appropriate legal proceedings.

Signed by the Recipient on the date first written above.

Recipient

(CORPORATE SEAL)

Attest:

Secretary

Recipient

East Sevier County Utility District

Name of Corporate Recipient

By _____
President

USDA
Form RD 400-4
(Rev. 06-10)

ASSURANCE AGREEMENT
(Under Title VI, Civil Rights Act of 1964)

FORM APPROVED
OMB No. 0575-0018
OMB No. 0570-0062

The East Sevier County Utility District

(name of recipient)

1529 Alpine Drive Sevierville, TN 37876-

(address)

("Recipient" herein) hereby assures the U. S. Department of Agriculture that Recipient is in compliance with and will continue to comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d et. seq.), 7 CFR Part 15, and Rural Housing Service, Rural Business-Cooperative Service, Rural Utilities Service, Risk Management Agency, or the Farm Service Agency, (hereafter known as the "Agency") regulations promulgated thereunder, 7 C.F.R. § 1901.202. In accordance with that Act and the regulations referred to above, Recipient agrees that in connection with any program or activity for which Recipient receives Federal financial assistance (as such term is defined in 7 C.F.R. § 15.2) no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination.

1. Recipient agrees that any transfer of any aided facility, other than personal property, by sale, lease or other conveyance of contract, shall be, and shall be made expressly, subject to the obligations of this agreement and transferee's assumption thereof.
2. Recipient shall:
 - (a) Keep such records and submit to the Government such timely, complete, and accurate information as the Government may determine to be necessary to ascertain our/my compliance with this agreement and the regulations.
 - (b) Permit access by authorized employees of the Agency or the U.S. Department of Agriculture during normal business hours to such books, records, accounts and other sources of information and its facilities as may be pertinent to ascertaining such compliance.
 - (c) Make available to users, participants, beneficiaries and other interested persons such information regarding the provisions of this agreement and the regulations, and in such manner as the Agency or the U. S. Department of Agriculture finds necessary to inform such persons of the protection assured them against discrimination.
3. The obligations of this agreement shall continue:
 - (a) As to any real property, including any structure, acquired or improved with the aid of the Federal financial assistance, so long as such real property is used for the purpose for which the Federal financial assistance is made or for another purpose which affords similar services or benefits, or for as long as the Recipient retains ownership or possession of the property, whichever is longer.
 - (b) As to any personal property acquired or improved with the aid of the Federal financial assistance, so long as Recipient retains ownership or possession of the property.
 - (c) As to any other aided facility or activity, until the last advance of funds under the loan or grant has been made.
4. Upon any breach or violation this agreement the Government may, at its option:
 - (a) Terminate or refuse to render or continue financial assistance for the aid of the property, facility, project, service or activity.
 - (b) Enforce this agreement by suit for specific performance or by any other available remedy under the laws of the United States or the State in which the breach or violation occurs.

Rights and remedies provided for under this agreement shall be cumulative.

In witness whereof, East Sevier County Utility District on this
(name of recipient)

date has caused this agreement to be executed by its duly authorized officers and its seal affixed hereto, or, if a natural person, has hereunto executed this agreement.

(SEAL)

Recipient

Date

Roy Ivey, President

Attest: _____

Barbara Darby, Secretary Title

Title

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0018 and 0570-0062. The time required to complete this information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

APPLICANT CERTIFICATION
FEDERAL COLLECTION POLICIES FOR CONSUMER OR COMMERCIAL DEBTS

The Federal Government is authorized to check credit information about the applicant(s) including using the federal Credit Alert Interactive Voice Response System (CAIVRS) or its successors to check to see if the applicant(s) are delinquent or in default on a Federal debt.

The Federal Government is also authorized by law to take any or all of the following actions in the event your loan payments become delinquent or you default on your loan:

- Report your name and account information to a credit reporting agency, and the Credit Alert Interactive Voice Response System (CAIVRS).
- Assess interest and penalty charges for the period of time that payment is not made.
- Assess charges to cover additional administrative costs incurred by the government to service your account.
- Offset amounts to be paid to you from your Federal income tax refund.
- Offset amounts to be paid to you under other Federal Programs.
- Refer your account to a private collection agency to collect the amount due.
- Foreclose on any security you have given for the loan.
- Pursue legal action to collect through the courts.
- Report any written off debt to the Internal Revenue Service as taxable income.
- If you are a current or retired Federal employee, take action to offset your salary, or civil service retirement benefits.
- Debar or suspend you from doing business with the Federal Government either as a participant or principal throughout the executive branch of the Federal Government for the period of debarment or suspension.
- Refer any debt that is delinquent to the Treasury Offset Program (TOP) in accordance with the Debt Collection Improvement Act of 1996.
- Refer any eligible debt that is delinquent to the Treasury for cross servicing in accordance with the Debt Collection Improvement Act of 1996.
- Garnish your wages as allowed by the Debt Collection Improvement Act of 1996.

Any or all of these actions may be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

CERTIFICATION: I/we have read and I/we understand the actions the Federal Government may take in the event that I/we fail to meet my/our scheduled payments in accordance with the terms and conditions of my/our agreement. I/we understand that the above list is not all inclusive and that the Federal Government may deem additional actions necessary to collect should I/we become delinquent.

(Signature-Individual(s))	(Date)	(Signature-Individual(s))	(Date)
(SEAL)		(Date)	
		East Sevier County Utility District	
		(Name of Applicant)	
		(Signature of Authorized Entity Official)	
ATTEST:		Roy Ivey, President	
		(Title of Authorized Entity Official)	
(Signature of Attesting Official)		1529 Alpine Drive	
		(Address)	
Barbara Darby, Secretary		Sevierville, TN 37876-	
(Title of Attesting Official)		(City, State, and Zip Code)	



United States Department of Agriculture

AD-1047

**Certification Regarding Debarment, Suspension, and Other Responsibility Matters
 Primary Covered Transactions**

The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. § 552(a), as amended). This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, and 2 C.F.R. § 180.335, Participants' responsibilities. The regulations were amended and published on August 31, 2005, in 70 Fed. Reg. 51865-51880. Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the proposed covered transaction.

According to the Paperwork Reduction Act of 1995 an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0505-0027. The time required to complete this information collection is estimated to average 0.25 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud privacy, and other statutes may be applicable to the information provided.

(Read Instructions On Page Two Before Completing Certification)

- A. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - 1. Are not presently debarred, suspended, or proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - 2. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - 3. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (A.2.) of this certification; and
 - 4. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- B. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

ORGANIZATION NAME	PR/AWARD NUMBER OR PROJECT NAME
NAME(S) AND TITLE(S) OF AUTHORIZED REPRESENTATIVE(S)	
SIGNATURE(S)	DATE

The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

Instructions for Certification

- (1) By signing and submitting this form, the prospective primary participant is providing the certification set out on page 1 in accordance with these instructions.
- (2) The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out on this form. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
- (3) The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
- (4) The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- (5) The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549, at 2 C.F.R. Parts 180 and 417. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
- (6) The prospective primary participant agrees by submitting this form that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
- (7) The prospective primary participant further agrees by submitting this form that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- (8) A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the System for Award Management (SAM) database.
- (9) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- (10) Except for transactions authorized under paragraph (6) of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.



United States Department of Agriculture

AD-1049

**Certification Regarding Drug-Free Workplace Requirements (Grants)
Alternative I – For Grantees Other Than Individuals**

The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. § 552(a), as amended). This certification is required by the regulations implementing §§ 5151-5160 of the Drug-Free Workplace Act of 1998 (Pub. L. 100-690, Title V, Subtitle D: 41 U.S.C. § 8101 et seq.), and 2 C.F.R. Parts 182 and 421. The regulations were amended and published on June 15, 2009, in 74 Fed. Reg. 28150-28154 and on December 8, 2011, in 76 Fed. Reg. 76610-76611. Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the grant.

According to the Paperwork Reduction Act of 1995 an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0505-0027. The time required to complete this information collection is estimated to average 0.25 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud privacy, and other statutes may be applicable to the information provided.

(Read Instructions On Page Three Before Completing Certification)

- A. The grantee certifies that it will or will continue to provide a drug-free workplace by:
1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 2. Establishing an ongoing drug-free awareness program to inform employees about –
 - a. The dangers of drug abuse in the workplace;
 - b. The grantee's policy of maintaining a drug-free workplace;
 - c. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - d. The penalties that may be imposed upon employees for drug-abuse violations occurring in the workplace.
 3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (A.1.).
 4. Notifying the employee in the statement required by paragraph (A.1.) that, as a condition of employment under grant, the employee will –
 - a. Abide by the terms of the statement; and
 - b. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
 5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (A.4.b.) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (A.4.b.), with respect to any employee who is so convicted –
 - a. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - b. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or, local health, law enforcement, or other appropriate agency;
 7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (A.1. through A.6.).
- B. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

PLACE OF PERFORMANCE (*Street Address, City, County, State, Zip Code*)
 1529 Alpine Drive Sevierville, TN 37876-

Check if there are workplaces on file that are not identified here.

ORGANIZATION NAME	PR/AWARD NUMBER OR PROJECT NAME
East Sevier County Utility District	Wastewater Treatment Plant Imp

NAME(S) AND TITLE(S) OF AUTHORIZED REPRESENTATIVE(S)
 Roy Ivey, President

SIGNATURE(S)	DATE
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Instructions for Certification

- (1) By signing and submitting this form, the grantee is providing the certification set out on pages one and two in accordance with these instructions.
- (2) The certification set out on pages one and two is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
- (3) Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
- (4) Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).
- (5) If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s). If it previously identified the workplaces in question, see paragraph (3) above.
- (6) Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:
 - "Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act, 21 U.S.C. § 812, and as further defined by 21 C.F.R. §§ 1308.11-1308.15.
 - "Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes.
 - "Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance.
 - "Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) all "direct charge" employees (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant and, (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement, consultants or independent contractors not on the grantee's payroll, or employees of subrecipients or subcontractors in covered workplaces).