

**DUE TO COVID-19 WEARING MASK OR FACE COVERING IS MANDATORY**

**EAST SEVIER COUNTY UTILITY DISTRICT BOARD OF  
COMMISSIONERS MEETING**

**December 9, 2021**

**5:30 P.M.**

**AGENDA**

- 1) Call to Order by President Roy Ivey
- 2) Introductions of Commissioners, Alliance Personnel and ESCUD Manager
- 3) Motion to approve the minutes of the previous Board meeting
- 4) Persons to be Heard
  - **\*\*ONE AT A TIME AS RECOGNIZED\*\***
  - When it is your turn to speak, please stand state your name, address and phone number prior to your discussion. Time limit is 10 minutes.
  - Please be considerate of others that may wish to speak by keeping your comments brief.
  - Customers that interrupt others speaking may be asked to leave meeting.

**REPORTS**

- 5) Motion to approve the Accounts Payable Listing in total as submitted.
- 6) Alliance Water Resources – Financial Report / Operations

**OLD BUSINESS**

- 7) None

**NEW BUSINESS**

- 8) Surplus Sales
- 9) Wastewater Services Agreement
- 10) Adjournment – Next regular Board Meeting to be held on Thursday, January 13, 2022- 5:30 pm

**\*\*Anyone without the authority or knowledge of ESCUD and/or water systems should refrain from giving instructions to other customers\*\***

## MINUTES

### BOARD OF COMMISSIONERS OF THE EAST SEVIER COUNTY UTILITY DISTRICT

Thursday, November 11, 2021

The Board of Commissioners of the East Sevier County Utility District met at 5:30 p.m. on Thursday, November 11, 2021, 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 5:32 p.m. for any old or new business. Introductions to acquaint visitors with Commissioners and Alliance staff were not necessary as the only visitor in attendance knew everyone.

A motion to approve the minutes of the October 21, 2021, meeting was made by Barbara. Janice seconded the motion. Motion carried.

#### Persons to be Heard

Mac Ellis announced that the fire chief for the English Mountain Volunteer Fire Department, Pete Kleinman, passed away on Sunday, November 07, 2021, after a lengthy illness. Mac will take his place as the permanent fire chief.

Barbara motioned to approve the Accounts Payable list in total as submitted. Janice seconded the motion; motion carried. Evan went over several pages of the financial report with the Commissioners. Since there were no questions, Barbara motioned to approve the financial report with Janice seconding the motion. Motion carried.

James reported on recent activity on the Mountain. We had to put orange fencing around the WWTP construction site since a customer was seen walking dangerously close to the hole that was dug for the holding tanks. There was a leak on Alpine past the horse stables at the Rehab last week. It had started on Saturday, October 30; service was restored to the final service area on Tuesday, November 02 at 3:45 p.m. Other repairs were made on Alpine Drive, as well. We replaced numerous bulbs and fixtures in the ESCUD office building. All electronic components for the SCADA project have been ordered. A stack kit was installed in the Well C booster building. Surveyors have been contacted to identify available land for the Well C improvement project. The safety topic for the month was arc flash electrical training and chemical handling.

All three Board members have successfully completed their three-day continuing education requirements as set forth by the state of Tennessee.

Offsite, we installed a pump at Bear Creek Crossing WWTP and cleared a blockage at Sherwood Forest. A Timberlake Bay customer thanked ESCUD staff for spreading asphalt at a repair site near their home.

Evan related that quite a few customers on Glasgow Street whom he spoke with this visit were quite upset about being out of water once again. They seemed to think that the Utility favors the Condos and Rehab since they had water when these customers did not. James interjected that the Condos and Rehab were out for almost as long as other customers. Evan believed that most of the hostility from the people on Glasgow stems from the customers' not knowing what is going on while service is out and suggested that they sign up for One Call Now, our mass-communication portal used to send messages to customers when outages occur. Four people submitted their phone number and were added to the call list. Also, Brenda will hang a sign on the office windows encouraging people to sign up and will include sign-up instructions as part of the application process.

#### Old Business

None

#### New Business

Evan asked James to make a list of sites where shut-off valves are needed on the Mountain. Evan will contact G & C for pricing to install valves; they apparently can do so without having to shut off customers.

Evan reminded the Board that the WWTP project was supposed to be finished by November 04, which it was not. Evan called the owner of J S Haren Company and his supervisor working the job to discuss the matter. The owner explained that the plant did not arrive until the 3<sup>rd</sup> and that they were allowed 131 rain days. In actuality, we had only 13 rain days during the period in question. As mentioned last meeting, the District has a right to liquidate its damages by receiving monetary damages for each day after the 4<sup>th</sup> that the project is extended. The number of eligible days and the daily monetary penalty are negotiable. The owner also explained that he has had trouble with employees arriving late.

Evan told him that the USDA funds we received for the project were supposed to be used by September 2021. They can fine us if they wish to. The owner said he is losing money on the project already without adding in the penalties. Evan told him he would speak to the Board to get their approval to allow the project to continue sans penalties as long as it is complete in December. James will monitor their work to be sure that they arrive each day and make reasonable progress. The owner assured Evan that he would have a crew present working four to six ten-hour days per week to get the job done on time.

There was a consensus among the Board members to keep the work going other than risk another delay. We have been trying to get this plant in place for twelve years or so; and the Commissioners want it completed this year. Evan said that if J S Haren Company does not live up to the agreement that the District will still have the right to liquidate its damages.

Barbara asked about the status of the work being done at Well C by Suez and when our contract with them expires. Evan says we are in about year five of a ten-year contract with them; Barbara said five years will elapse before we know it and doesn't want Suez to prolong the work. They had dropped the pump in the well back in 2017 just before Alliance start managing the Utility. Roy said we are going to have to dig a new well because Well C will probably be dried up by January 2022. Evan will check into it and report back.

Evan said we don't own enough property in the Well C area to install another well, but we do have room to install on a Wells AB. However, there is a great deal of water available at C, with little available at AB. We would need to get AB fracked, which we talked about in previous meetings. Roy gave James the number of Tommy Turner, who will do the work. We would need to put a filtration system in, and we have a much better supplier now to do the job.

We will delve further into it once the WWTP project is finished and we see how much money we have to work with. James said he had submitted a request to Mayor Water's office for the infrastructure funds the US Government is making available for new roads and utility systems. Jan and Barbara were giving James advice that they learned in their training class. They told him to list everything that he could, including parts, vehicles, etc., with his request.

Evan and Roy discussed bringing the line down Red Maple to a house currently under construction. Evan suggested we do it per State guidelines, using an engineering company other than McGill. We will have to contact companies who will then send us books listing their qualifications and information for prior jobs they have done. Janice motioned, and Barbara seconded the motion, to request qualifications from engineers, review the submissions, and select one for extensions in 2022.

The next regular meeting will be held on Thursday, December 09, 2021, at 5:30 p.m.

#### Adjournment

Roy motioned and Barbara seconded the motion, to adjourn at 6:53 p.m. Motion carried.

---

Secretary-Treasurer

**East Sevier County Utility District**  
**Balance Sheets**  
**October 31, 2021**

<b>ASSETS</b>	<b>10/31/21</b>	<b>10/31/20</b>
<b>CURRENT ASSETS</b>		
Checking Account - Operations	\$ 255,230.90	\$ 315,620.25
Checking Account - Alpine Rd Funding	112,535.85	91,869.85
Cash on Hand	100.00	100.00
Cash - Restricted - Customer Deposits	(76,581.49)	(53,996.00)
<b>Total Cash</b>	<b>291,285.26</b>	<b>353,594.10</b>
Accounts Receivable	148,146.91	192,320.28
Allowance for Doubtful Accounts	(73,541.84)	(40,666.68)
Unbilled Accounts Receivable	8,803.00	10,539.00
Inventory - Water and Sewer	23,268.51	40,520.82
Prepaid Expenses	18,460.90	12,186.30
<b>Total Current Assets</b>	<b>416,422.74</b>	<b>568,493.82</b>
<b>PROPERTY, PLANT, &amp; EQUIPMENT</b>		
Land	76,657.80	31,657.80
Distribution & Collection System	3,139,998.32	2,929,220.45
Buildings	69,235.68	69,235.68
Machinery & Equipment	124,378.85	122,963.26
Vehicles & Trailer(s)	89,933.99	88,334.99
Construction Work in Progress	768,740.78	154,913.63
Less: Accumulated Depreciation	(1,364,133.38)	(1,200,356.17)
<b>Net Property, Plant, &amp; Equipment</b>	<b>2,904,812.04</b>	<b>2,195,969.64</b>
<b>RESTRICTED ASSETS</b>		
Construction Account - Waste Water Project	813.37	833.37
Cash - Restricted - Customer Deposits	76,581.49	53,996.00
<b>Total Restricted Assets</b>	<b>77,394.86</b>	<b>54,829.37</b>
<b>OTHER ASSETS</b>		
Deposits	14,945.00	14,370.00
<b>Total Other Assets</b>	<b>14,945.00</b>	<b>14,370.00</b>
<b>Total Assets</b>	<b>\$ 3,413,574.64</b>	<b>\$ 2,833,662.83</b>

**East Sevier County Utility District**  
**Balance Sheets**  
**October 31, 2021**

	10/31/21	10/31/20
<b>LIABILITIES AND DISTRICT'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 49,767.06	\$ 42,332.51
Sales Tax Payable	1,972.12	1,917.23
Payroll Taxes Payable	382.48	382.56
Unearned Revenue	33,069.88	30,420.85
Long Term Debt - Current	8,417.23	8,163.56
Accrued Interest Payable	-	5,023.86
Customer Deposits	76,581.49	53,996.00
<b>Total Current Liabilities</b>	<b>170,190.26</b>	<b>142,236.57</b>
<b>LONG-TERM DEBT</b>		
USDA 2018 Loan #1	553,284.74	152,506.25
USDA 2017 Loan #2	281,513.21	285,625.64
USDA 2017 Loan #3	256,646.69	260,697.19
Less Current Portion of L-Term Debt	(8,417.23)	(8,163.56)
<b>Total Long-Term Debt</b>	<b>1,083,027.41</b>	<b>690,665.52</b>
<b>Total Liabilities</b>	<b>1,253,217.67</b>	<b>832,902.09</b>
<b>DISTRICT'S EQUITY</b>		
Retained Earnings (Deficit)	1,995,437.27	1,960,517.59
YTD Net Income	164,919.70	40,243.15
<b>Total District's Equity</b>	<b>2,160,356.97</b>	<b>2,000,760.74</b>
<b>Total Liabilities and District's Equity</b>	<b>\$ 3,413,574.64</b>	<b>\$ 2,833,662.83</b>

**East Sevier County Utility District**  
**Statements of Revenues and Expenses**  
**Fiscal Year Jul 01 to Jun 30**  
**For the Month(s) Ending**  
**Actual vs Budget**

<u>October, 2021</u>			<u>YTD</u>		<u>Annual</u>
<u>Actual</u>	<u>Budget</u>		<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
		<b>Operating Revenues</b>			
\$ 20,058	\$ 19,702	Water Sales	\$ 77,396	\$ 78,719	\$ 237,263
53,566	52,026	Sewer Charges	204,664	205,062	620,164
2,500	-	Connection Fees - Water	2,500	1,250	2,500
3,250	1,500	Connection Fees - Sewer	9,250	9,500	23,750
-	1,072	Late Charge Fees	802	4,287	12,861
4,680	8,938	Reconnect/Meter Sets/Other Fees	42,677	35,751	107,253
95	200	Miscellaneous Income	95	800	2,400
<b>84,149</b>	<b>83,438</b>	<b>Total Operating Revenues</b>	<b>337,384</b>	<b>335,369</b>	<b>1,006,191</b>
		<b>Operating Expenses</b>			
49,048	49,048	Management & Operations Contract	196,192	196,192	588,576
3,990	4,333	Utilities	16,879	17,333	52,000
2,539	2,500	Insurance	10,157	10,000	30,000
6,734	7,917	Repairs & Maintenance	46,800	31,667	95,000
550	1,000	Legal Expenses	5,088	4,000	12,000
-	-	Accounting/Audit	3,425	3,700	7,400
2,082	2,083	Director Fees	8,330	8,333	25,000
159	167	Payroll Taxes	637	667	2,000
1,167	1,167	Bad Debts	4,667	4,667	14,000
-	-	Dues & Subscriptions	-	-	100
25	-	Advertising	76	-	-
-	-	Permits	-	3,412	5,200
1,433	292	Miscellaneous Expenses	2,077	1,167	3,500
<b>67,728</b>	<b>68,506</b>	<b>Total Operating Expenses</b>	<b>294,327</b>	<b>281,137</b>	<b>834,776</b>
<b>16,421</b>	<b>14,931</b>	<b>Net Income B/4 Other Income (Expenses)</b>	<b>43,056</b>	<b>54,232</b>	<b>171,415</b>
		<b>Other Income (Expenses)</b>			
-	-	Grant Income	184,111	-	536,000
(3,699)	(1,792)	Interest Expense	(9,081)	(7,167)	(21,500)
(33,367)	(12,992)	Depreciation	(51,967)	(51,967)	(155,900)
(1,200)	-	Bond Issue Costs	(1,200)	-	-
<b>(38,265)</b>	<b>(14,783)</b>	<b>Total Other (Income) Expenses</b>	<b>121,863</b>	<b>(59,133)</b>	<b>358,600</b>
<b>\$ (21,845)</b>	<b>\$ 148</b>	<b>Net Income (Loss)</b>	<b>\$ 164,920</b>	<b>\$ (4,902)</b>	<b>\$ 530,015</b>

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

<b>Billing Charges For the Month of:</b>	<b>Oct-21</b>	
Water Revenue		20,058.07
Sewer Revenue		53,565.83
Installment Billing -Offsite Sewer Arrears		522.25
Sales Taxes		1,971.26
Late Charges		-
Installation Fees-Water		2,500.00
Installation Fees-Sewer		3,250.00
Other Miscellaneous Fees		4,679.52
Returned Checks		-
Deposits Applied/Adjustments		(1,710.00)
Customer Refunds Paid		1,078.22
<b>Total Billing Charges</b>		<u><b>85,915.15</b></u>
<b>Water Gallons Billed</b>		<u><b>902,436</b></u>
<b>Water Customers Billed</b>		<u><b>251</b></u>
<b>Sewer Gallons Billed</b>		<u><b>522,690</b></u>
<b>Sewer Customers Billed</b>		<u><b>853</b></u>

<b>Accounts Receivable</b>	<b>Oct-21</b>	
Beginning Balance		135,937.14
Billing Charges		85,915.15
Bad Debt Recoveries (Write Offs)		(1,124.84)
Accounts Receivable Collections		(85,572.49)
<b>End of Month Accounts Receivable</b>		<u><b>135,154.96</b></u>

<b>Water Revenue Checking</b>	<b>Oct-21</b>	
Beginning Balance		314,663.02
<b>Deposits:</b>		
Accounts Receivable Collections		85,572.49
Insurance Reimbursement for Building Damage		12,102.45
Customer Deposits		2,810.00
		<u>100,484.94</u>
<b>Disbursements:</b>		
Accounts Payable Checks		(148,071.82)
Auto Debit Charges-Utilities		(4,321.76)
USDA Loan Payment		(2,076.00)
Transfer to Alpine Road Funding		(2,000.00)
TN TAP - Sales Tax		(1,748.00)
Refund Checks		(1,078.22)
Payroll Taxes		(382.64)
Bank fees		(238.62)
End of Month Balance		<u>255,230.90</u>
Cash Receipts Collected To Date in:	<b>Nov-21</b>	66,478.34
Auto Debited Utilities in:	<b>Nov-21</b>	(3,739.85)
Bills Submitted for Payment in:	<b>Nov-21</b>	(73,239.70)
<b>Available Balance</b>		<u><u><b>244,729.69</b></u></u>



East Sevier County Utility District, TN  
Treasury Report  
Summary of Cash and Investments  
October 31, 2021

---

<b>Bank Account / Security</b>	<b>Maturity Date</b>	<b>Beginning Balance</b>	<b>Deposits</b>	<b>Interest Earned</b>	<b>Payments</b>	<b>Ending Balance</b>
<b>Checking Acct-Operations</b>		314,663.02	100,484.94	-	(159,917.06)	255,230.90
<b>Checking Acct-Alpine Road Funding</b>		112,202.85	2,000.00	-	(1,667.00)	112,535.85
<b>Checking Acct-Waste Water Plant</b>		67,595.71	-	-	(66,782.34)	813.37
<b>Cash on Hand</b>		100.00	-	-	-	100.00
<b>Total Cash and Investments</b>		<b>494,561.58</b>	<b>102,484.94</b>	<b>-</b>	<b>(228,366.40)</b>	<b>368,680.12</b>

---

**EAST SEVIER COUNTY UTILITY DISTRICT  
BILLING SUMMARY**

DATE	WATER REVENUE		WATER GALLONS (000s)		NO. OF CUSTMRS
	TOTAL	YTD TOTAL	TOTAL	YTD TOTAL	
Oct-21	20,111	80,146	902	3,588	251
Sep-21	19,738	60,035	848	2,686	251
Aug-21	19,813	40,297	828	1,838	250
Jul-21	20,484	20,484	1,010	1,010	249
Jun-21	19,883	266,302	906	14,025	248
May-21	19,984	246,419	877	13,119	248
Apr-21	20,542	226,435	988	12,242	248
Mar-21	28,478	205,893	1,925	11,254	250
Feb-21	21,063	177,415	977	9,329	247
Jan-21	19,944	156,352	750	8,352	249
Dec-20	21,862	136,408	1,227	7,602	250
Nov-20	20,126	114,546	935	6,375	250
Oct-20	19,644	94,420	817	5,440	250

**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		
Oct-21	53,086	210,416	523	2,123	853	85,572
Sep-21	52,202	157,331	493	1,600	844	92,295
Aug-21	52,385	105,129	488	1,107	846	94,060
Jul-21	52,744	52,744	619	619	843	90,997
Jun-21	53,182	647,773	563	8,695	838	86,032
May-21	52,878	594,592	538	8,132	834	85,065
Apr-21	53,487	541,714	630	7,594	836	82,017
Mar-21	61,708	488,227	1,565	6,964	830	93,418
Feb-21	52,180	426,518	465	5,399	830	95,566
Jan-21	52,376	374,338	456	4,934	825	96,451
Dec-20	54,364	321,963	859	4,478	827	110,401
Nov-20	52,333	267,599	572	3,619	824	69,016
Oct-20	51,849	215,266	492	3,047	824	79,482



## **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**

**OCT– 2021**

### **Administrative**

All three board members have successfully completed their continuing education requirements as set forth by the state of Tennessee.

### **Treatment**

Treatment at the wells is monitored daily. All testing results have been within regulatory compliance.

Treatment at the wastewater plant is effective. All monthly parameters were within permit limits.

### **Collection/Distribution**

Cleared a blockage at Sherwood Forest

Installed a new pump for a customer at Douglas Lake

Replaced numerous bulbs and fixtures in the ESCUD office building

Installed a new pump at the Bear Creek Crossing WWTP

All electronic components for the SCADA project have been ordered

Installed a stack kit in the Well C booster building

### **Customer Service**

A customer at Timber Lake Bay thanked ESCUD staff for spreading asphalt at a repair site near their home.

### **Project Updates**

Surveyors have been contacted to identify available land for the Well C improvement project

**OPERATIONS REPORT – East Sevier County Utility District**

**Safety**

Orange safety fencing was installed around the perimeter of the WWTP project. The safety topic for the month was Arc Flash electrical training and chemical handling.

**Regulatory**

Monthly Water and Wastewater reports were successfully submitted to the Tennessee Department of Environment and Conservation.

**Concerns for the Month**

Water Loss plus Inflow and Infiltration.

**Positives for the Month**

The team came together to repair a catastrophic main break near the English Mountain Horse stables. Water service was restored to all customers.

**Leak Repairs**

Repairs were made on Alpine Drive

<b>Alliance Year-to-Date Capped Expenses through August 2021</b>			
	<b>Actual</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>Repair Expense</b>	\$12,615	\$6,648	\$5,967
<b>Chemical Expense</b>	\$0	\$2,034	(\$2,034)

**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:** November 30, 2021

**Re:** SURPLUS/SCRAP SALES

---

The recent Audit will show a finding that the District needs to adopt a policy for selling surplus materials or scrap. The following is a draft of a policy for discussion/approval. Upon approval, this policy will be added to the District Rules and Regulations.

Rule #16. Sale or disposal of surplus property.

- (a) The Local Manager shall be responsible for the sale and disposal of all surplus property or scrap. The sale or disposal of any single item for an amount in excess of \$10,000.00 shall be approved by Board of Commissioners.
- (b) Real property owned by the District shall be sold or disposed only with the approval of the Board of Commissioners.
- (c) Permissible methods to sell or dispose of surplus city property shall include, but are not limited to:
  - (1) Public auction;
  - (2) Solicitation of written bids;
  - (3) Negotiated sale to one or more designated buyers; \*Sales to Board Members, Employees of Alliance or ESCUD shall be approved at a Board meeting;
  - (4) Transfer to another governmental entity or agency at or below reasonable market value; or
  - (5) Lease or loan.

This Instrument Prepared by:  
 Mark Jendrek  
 Mark Jendrek, PC  
 800 South Gay Street, Suite 1900  
 Knoxville, Tennessee 37929  
 865-824-1900

**Re: Book 5356, Page 304**  
**Plat Book 44, Page 108**

## **MASTER WASTEWATER FACILITY OPERATION AND MAINTENANCE AGREEMENT**

This Agreement is effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 2021, by and between **East Sevier County Utility District**, a Tennessee utility district organized under the Utility District Law of 1937, Tennessee Code Annotated Section 7-82-101, et seq. ("**Operator**"), Grace Contractors, LLC, a Tennessee limited liability company, ("**Developer**"), and For By Grace Resort Property Owners Association, Inc., a Tennessee non-profit corporation ("**HOA**").

Recitals:

WHEREAS, Developer is undertaking the development of a certain tract of land to become a subdivision known as "For By Grace Resort" in Sevier County, Tennessee ("**Project**"), located on that certain real property described in **Book 5356, Page 304** ("**Deed**"), in the Register of Deeds Office for Sevier County, Tennessee, and shown on that certain plat of record in **Plat Book 44, Page 108**, as amended ("**Plat**"), in the Register of Deeds Office for Sevier County, Tennessee (collectively, the property shown on the Plat and described in the Deed shall be known as the "**Property**"); and

WHEREAS, Developer has solicited the services of Operator for the purpose of operating and maintaining the wastewater collection and treatment system within the Project, which system will be more particularly described below; and

WHEREAS, Operator is willing to accept the responsibility of operating and maintaining such system, pursuant to the terms and conditions set forth herein; and

WHEREAS, there are certain conditions precedent, more fully set forth below, which Operator and Developer have agreed are required and necessary conditions to

be satisfied by Developer prior to the Operator's commitment to operate and maintain the system become final and binding on Operator, and without which Operator would not and will not be committed; and

WHEREAS, as of the date of this Agreement, the Charter of the HOA was filed with the Tennessee secretary of State October 28, 2020 ("**Charter**"), but has not yet been recorded in the Register of Deeds Office for Sevier County, Tennessee; and

NOW THEREFORE, in consideration of the mutual premises set forth below, and for other good and valuable consideration, the parties agree as follows:

- 0. The recitals set forth above are true and correct and are incorporated into and made a part of this Agreement.

**Definitions, Terminology, and Description of the System:**

- 1. Developer and HOA oversee a Development on approximately fifty-two (52) acres of land in Sevier County, Tennessee, now commonly known as "For By Grace Resort," which was previously known as "Green Mountain," and is now shown on the Plat, Developer having acquired the real property by the Deed, and assumed all development responsibility from LEEF, LLC, a Florida limited liability company, the original developer.
- 2. The wastewater disposal system for the dwelling units in the Project is what is commonly referred to as a "low pressure, recirculating sand filtration system" ("**System**"), and Operator has been engaged to own, operate, and maintain the wastewater disposal system. In that regard,
  - a. Developer and HOA each agree that, simultaneously with the complete execution of this Agreement, both will execute a Bill of Sale in the form attached hereto as **Exhibit A**, by which ownership of all of the components of the wastewater disposal system from the Exit Point (defined below) to the various drip fields that have already been installed, if any, will be transferred and conveyed to Operator in full and complete working order; and
  - b. Developer and HOA each further agree that, prior to the undertaking of any responsibility by Operator, both will execute an instrument or instruments, in recordable form, reasonably satisfactory to Operator, conveying:
    - (i) a permanent perpetual easement for the real property on which the Treatment Facility (defined below) is sited, and



- (ii) a permanent perpetual easement for access to the:
    - (A) Major Collectors (defined below),
    - (B) Septic Tanks (defined below),
    - (C) Individual Collectors (defined below),
    - (D) any and all pipes, lines, and conduits connecting the Treatment Facility with the individual Drip Fields, and
    - (E) individual Drip Fields.
3. There is a shared responsibility for the maintenance and upkeep of the System. Each **Owner** of a **Lot** (as those terms are defined in the Declaration of Covenants and Restrictions for Green Mountain, of record in **Book 3927, Page 378**, in the Register of Deeds Office for Sevier County, Tennessee, and amended by instrument of record in **Book 5435, Page 292**, in the Register of Deeds Office for sevier County, Tennessee (collectively, “**Restrictions**”), or other building constructed on a **Lot**, shall have certain responsibilities for the maintenance and upkeep of the System. Operator shall also have certain responsibilities for the maintenance and upkeep of the System. HOA will have a responsibility to Operator for the enforcement of the provisions of the Restrictions as well as for the enforcement of the provisions of this Agreement.
  4. The wastewater disposal system consists of two fundamental sections:
    - a. the collection system (further described below); and
    - b. the treatment system (“**Treatment Facility**”). The Treatment Facility shall also include all drip fields and other areas necessary to the proper functioning of the wastewater disposal system below the Major Collectors.
  5. The collection system consists of three sections:
    - a. the collection system for each Unit, from the plumbing fixtures within the dwelling unit through the point of entry to the Septic Tank (“**Individual Collectors**”);
    - b. the Septic Tank (defined below); and

- c. the collection system from the outflow of the Septic Tank to the Treatment Facility (“**Major Collectors**”).
- 6. Each dwelling unit in the Project will have an Individual Collector which runs into a septic or collector tank (“**Septic Tank**”).
- 7. The “**Entry Point**” is the point at which the Individual Collector from each dwelling unit enters the Septic Tank.
- 8. The “**Exit Point**” is the point at which the effluent leaves each Septic Tank and enters a Major Collector.

**Owner Responsibilities:**

- 9.
  - a. Each Owner, including the Developer or the HOA, as the case may be, will review, complete, and sign, and will comply with the provisions of an “Application for Wastewater Service and Service Agreement” in the form prepared by the District from time to time. The provisions of this Agreement are incorporated into and are a part of the Application for Wastewater Service and Service Agreement.
  - b. Each Owner, including the Developer or the HOA, as the case may be, of a Site that has been improved by a dwelling or other structure, has complete responsibility for the operation and maintenance of the Individual Collector serving such dwelling unit or other building. That is, each Owner, including the Developer or the HOA, as the case may be, is completely responsible for all aspects of wastewater collection within such owner’s dwelling or other building as well as from that dwelling or other building to the point of entry into the Septic Tank or Entry Point. Any and all repairs or maintenance, and the complete cost and expense of any such repairs or maintenance, to the wastewater system beginning within an owner’s dwelling or other building and continuing through the point of entry into the Septic Tank or Entry Point, are the sole and complete responsibility of the owner of the dwelling unit or other building.
  - c. Additionally, each Owner, including the Developer and the HOA, as the case may be, of a dwelling unit or other building, shall be responsible for the cost of the periodic pumping of the Septic Tank, as well as for Septic Tank problems or failures arising as a result of the mis-use of the wastewater system within the dwelling unit or other building prior to the Entry Point.

### Operator Responsibilities:

10. Operator's responsibility for the operation and maintenance of the System begins at the point of entry into the Septic Tank, or Entry Point, and continues through the end of the System; provided, however, Operator will not be responsible for the periodic pumping of the Septic Tank, nor will Operator be responsible for Septic Tank problems or failures arising as a result of the mis-use of the dwelling unit wastewater system prior to the Entry Point. Operator has no responsibility for any aspect of the wastewater treatment system within any dwelling unit or other building, nor does Operator have any responsibility for any portion of the Individual Collectors.
  
11. Operator will operate and maintain the System from and after the Entry Point based on the following initial rate structure:
  - a. From the Exit Point through the final discharge from the Treatment Facility, each dwelling unit will be charged the initial sum as set forth on **Schedule 11.a.**, attached hereto. Operator reserves the right to adjust this monthly amount based on Operator's costs and expenses in maintaining the System as well as the use to which any dwelling unit is put. For example, if a dwelling unit is used as a permanent residence, a residential rate may apply, and if the dwelling unit is used as a rental property, a commercial rate may apply.
  
  - b.
    - i. From the Entry Point through the Exit Point, no flat rate will apply. Because Operator has no control over what homeowners or their guests insert into the Individual Collectors and, therefore, what is deposited into the Septic Tanks, while Operator will be responsible for the proper functioning of the Septic Tanks, Operator **will not** be responsible for any "Extraordinary Maintenance" required of the Septic Tanks.
  
    - ii. "Extraordinary Maintenance" shall mean any maintenance, repairs, or other work to be done on any Septic Tank **other than** maintaining the integrity of the connection at the Exit Point for each Septic Tank.
  
    - iii. For all Extraordinary Maintenance, Operator will either perform whatever services are required or contract for the performance of such services. Charges for such services will be the actual cost plus 15% for overhead and administration, and will be invoiced to and paid by the owner of the dwelling or other building. If not paid by the owner of the dwelling or other building within thirty

(30) days of the invoice date, the amount will be invoiced to the HOA and will be paid by the HOA within thirty (30) calendar days of the receipt of an invoice by the HOA from Operator. HOA will have the right to collect the amount paid by the HOA from the owner or owners of the dwelling unit(s) and/or building(s) associated with the Individual Collector on which the work was performed.

- iv. In the event Operator is called on to perform services at a location on any Individual Collector, the owner of the dwelling unit or other building shall be responsible for the actual cost of such services plus 15% for overhead and maintenance, and such owner shall pay the full amount due within thirty (30) calendar days of the receipt of an invoice from Operator. If Operator has not received payment in a timely manner, HOA specifically agrees to pay the amount owed to Operator for the work done and will tender such payment to the Operator within thirty (30) calendar days of demand therefor made by Operator to HOA. HOA will have the right to collect the amount paid by the HOA from the owner or owners of the dwelling unit(s) and/or building(s) associated with the Individual Collector on which the work was performed.
  
- v. In the event Operator is called on to perform services at a location on any Individual Collector which is shared with one or more dwelling units or other buildings, the owner of each dwelling unit or other building sharing such Individual Collector will be charged a pro rata amount (based on the number of bedrooms in each dwelling unit sharing the Individual Collector) of the actual cost of services plus 15% for overhead and administration, based on the number of dwelling units or other buildings sharing such Individual Collector, and each owner shall pay his pro rata amount to Operator within thirty (30) calendar days of receipt of an invoice from Operator. If Operator has not received payment in a timely manner, HOA specifically agrees to pay the amount owed to Operator for the work done and will tender such payment to the Operator within thirty (30) calendar days of demand therefor made by Operator. HOA will have the right to collect the amount paid by the HOA from the owner or owners of the dwelling unit(s) and/or building(s) associated with the Individual Collector on which the work was performed. In the event one or more buildings associated with the Individual Collector does not function as a dwelling unit, the HOA will

make the determination of the proper pro rata amount to be paid by the owner of each.

- c. Operator may adjust the rates charged pursuant to this Agreement by giving HOA and then-current dwelling unit or other building owners written notice at least thirty (30) days prior to the effective date of any change.

### **Developer and HOA Responsibilities:**

- 12. HOA is responsible for the payment of, and agrees to promptly and timely pay to Operator, the items set forth in **Section 11** of this Agreement. HOA is further responsible for the scheduling of, arrangement for, and payment of the costs and fees associated with the periodic pumping of each Septic Tank that is a part of the System. Additionally, on the complete execution of this Agreement by all necessary parties, Developer and HOA (in such amounts as they may determine) will pay to Operator a one-time payment in the amount of \$9,800 to cover Operator's legal costs, fees, and expenses associated with this Agreement.
- 13. For all closings on dwelling units or other buildings which take place after the effective date of this Agreement, Developer, in the case of an initial sale, and HOA, in the case of the resale of a dwelling unit or other building, will collect or will cause to be collected, at the closing on each dwelling unit or other building, a Wastewater Disposal Deposit in an amount intended to be approximately the equivalent of three months' service charges as shown on **Schedule 11.a**. Such deposit will be promptly tendered to Operator by the agent conducting the Closing, to be held by Operator as assurance of payment. Developer or HOA, as may be appropriate based on an initial sale or a resale of a dwelling unit or other building, will also cause to be included as a Closing Document, Operator's standard contract for each dwelling unit, and will be responsible for the execution of such contract at or prior to closing.

Developer or HOA, as may be appropriate based on an initial sale or a resale of a dwelling unit or other building, further agrees that Developer or HOA will collect, at the closing on each dwelling unit or other building that has not previously had wastewater service, a Tap Fee in the amount as shown on **Schedule 11.a**. Developer or HOA, as may be appropriate based on an initial sale or a resale of a dwelling unit or other building, will also collect the Tap Fee for any permit issued to build or construct a dwelling unit or other building on a Site, the closing on the sale of which took place prior to the effective date of this Agreement. Such Tap Fee will be promptly tendered to Operator by the agent conducting the Closing, or by the HOA, as the case may be.

Developer and HOA both agree that water service to a dwelling unit or other building will not be commenced unless and until Operator has received the Wastewater Disposal Deposit and Tap Fee, as required by this **Section 13**, and that Operator shall have no responsibility to commence the provision of services unless and until the Tap Fee has been received and collected by Operator.

- 14.** The occurrence of any of the following shall constitute an Event of Default by Operator:
- a.** Failure to maintain, in good standing, the proper licenses and qualifications reasonably necessary to perform the provisions of this Agreement, for a period of sixty (60) days following notice of the loss of such license or qualification;
  - b.** Failure to repair, or commence and diligently pursue the repair of, any individual dwelling unit's wastewater disposal system within one (1) business day of the date Operator actually receives and acknowledges the receipt of notice of the need for such repair, to the extent the problem necessitating repair actually prevents the function of such dwelling unit's system or results in a public health hazard. Operator will not be responsible for, but is authorized to undertake, subject to the permission of the dwelling unit's Owner, any repair of such dwelling unit's system if the problem is with an Individual Collector (the Owner's side of the Entry Point);
  - c.** Failure to repair, or commence and diligently pursue the repair of, any individual dwelling unit's wastewater disposal system within three (3) business days of the date Operator actually receives and acknowledges the receipt of notice of the need for such repair, to the extent the problem necessitating repair does not prevent the function of such dwelling unit's system and does not result in a public health hazard. Operator will not be responsible for, but is authorized to undertake, subject to the permission of the dwelling unit's Owner, any repair of such dwelling unit's system if the problem is with an Individual Collector;
  - d.** Failure to repair, or commence and diligently pursue the repair of, any other part of the System within one (1) business day of the date Operator actually receives and acknowledges receipt of notice of the need for such repair, to the extent the problem necessitating repair

materially inhibits the function of the System or results in a public health hazard; or

- e. Failure to repair, or commence and diligently pursue the repair of, any other part of the System within the shorter of thirty (30) days or the time period required by the appropriate governmental authority, of the date Operator actually receives and acknowledges receipt of notice of the need for such repair, to the extent the problem does not materially inhibit the function of the System, and does not result in a public health hazard.
  - f. The term “actual notice” as used in subsections b, c, d, and e of this **Section 14** shall mean an actual telephone conversation between the dwelling unit owner and a representative of Operator. Neither voice mail nor any other electronic method of messaging will constitute “actual notice” for purposes of invoking these default provisions.
- 15.** Upon the occurrence of any Event of Default enumerated in **Section 14**, and in the event Operator fails to cure or to promptly commence a cure, HOA shall have the authority to terminate this Agreement ten (10) business days following notice to Operator of the intent to so terminate. Operator agrees not to abandon its obligations described in this Agreement until the formal engagement of a new operator for the System, and approval of the transition by the Tennessee Department of Environment and Conservation. Notwithstanding the occurrence of any Event of Default by Operator, all of the charges due Operator set forth in this Agreement shall continue to accrue and shall be payable to Operator as set forth herein so long as Operator continues to operate and maintain the System.
- 16.** The occurrence of any of the following shall constitute an Event of Default by HOA:
- a. Failure to pay, when due, any amounts, set forth in this Agreement as obligations of HOA;
  - b. Failure to perform any non-monetary obligation of HOA set forth in this Agreement in a timely manner; and

Any amount payable by HOA that is not paid when due shall incur a late fee at the rate of one percent (1%) per month beginning on the first day after the due date. Such interest shall be added to and become part of the amount due for purposes of calculating interest on the same date each month thereafter.

17. Upon the occurrence of any Event of Default enumerated in **Section 16**, Operator shall have the authority to terminate this Agreement ten (10) business days following notice to Developer or Homeowner's Association, as the case may be, of the intent to so terminate. Operator agrees not to abandon its obligations described in this Agreement until the formal engagement of a new operator for the System, and approval of the transition by the Tennessee Department of Environment and Conservation. Notwithstanding the giving of a notice of intent to terminate by Operator, all of the charges due Operator set forth in this Agreement shall continue to accrue and shall be payable to Operator as set forth herein so long as Operator continues to operate and maintain the System.
18. Termination of this Agreement by Operator shall not relieve HOA of any monetary or payment obligation incurred by HOA through the date that operator services are transitioned to a new operator.
19. A condition precedent to the effectiveness of this Agreement, to the acceptance of any responsibility by Operator, and to the undertaking of any action or activity by Operator, is that Developer shall cause to be formed, or take whatever legal action is necessary to establish, an entity to serve and function as, and carry out all of the rights and obligations of, the homeowners association. Pursuant to the records of the Tennessee Secretary of State's Office, the HOA, as that term is used in this Agreement, was formed by the filing of a Charter on October 28, 2020. Because there is more involved in the creation and establishment of a homeowners association, and because the role of the homeowners association in this Agreement is critical, Operator will not be bound to any of the matters set forth herein unless and until there is a proper homeowners association active, fully functioning, and in place, to the reasonable satisfaction of Operator, to fulfill those responsibilities.
20. In addition to the matters set forth in **Section 19** of this Agreement, there are other conditions precedent to the effectiveness of this Agreement which are set forth on **Exhibit B**. Developer and HOA must complete the work described on **Exhibit B** ("Work") to the reasonable satisfaction of Operator, as set forth in writing, in order for this Agreement to become effective. On the commencement of the Work by HOA and Developer, Operator will conditionally begin performing its obligations as set forth in this Agreement. In the event the Work terminates prior to completion and acceptance by Operator, this Agreement shall become null and void, as if it had never become effective. On the satisfactory completion of the Work, the conditions precedent described in this **Section 20** shall be satisfied.
21. On full and complete satisfaction of all of the conditions precedent described in **Sections 19 & 20** of this Agreement, HOA will, or will cause the Developer



or other responsible party, to convey the permanent perpetual easements described in Section 2 of this Agreement. Such easements shall be free and clear of any and all liens, claims, encumbrances, restrictions, or any obligation beyond those set forth in this Agreement, together with easements for all Major Collectors, Individual Collectors, Septic Tanks, Drip Fields, and the Treatment Facility, as well as access easements to all of the above.

Additionally, HOA will, or will cause the Developer or other responsible party to, convey title to the Treatment Facility and all Major Collectors, free and clear of all liens, claims, and encumbrances together with a certificate of completion signed by a licensed engineer acceptable to Operator, and a one-year warranty on the proper functioning, as designed and intended, of the Treatment Facility.

- 22.** Any notice or communication required or permitted by this Agreement shall be in writing and be sent either by: (a) a nationally recognized overnight courier for next business day delivery; or (b) United States Mail, postage prepaid, certified, return receipt requested; addressed to HOA or Operator at the respective addresses set forth below:

Operator: East Sevier County Utility District  
1529 Alpine Drive  
Sevierville, Tennessee 37876  
Attn: Local Manager

with copy to: Mark Jendrek  
Mark Jendrek, P.C.  
P.O. Box 549  
Knoxville, Tennessee 37901

HOA: For By Grace Resort Property Owners Association, Inc.  
500 Grinnell Circle  
Knoxville, Tennessee 37924  
Attn: President

Developer: Grace Contractors, LLC  
2119 Kerr Road  
Sevierville, Tennessee 37876  
Attn: Jorge Amet

Notice shall be deemed received, whether or not actually received, (a) in the case of Notice sent by nationally recognized overnight courier, the next business day following timely deposit with such nationally recognized courier, with fees paid for next business day delivery, or (b) the earlier of (i) the date of

receipt as shown on the “green card” as returned to the sender, or (ii) three (3) business days following deposit with the U.S. Postal Service as evidenced by a mailing receipt obtained at the time of mailing.

- 23.** This Agreement contains the entire agreement of the parties, and any and all other prior agreements, discussions, or understandings are merged herein. This Agreement may not be modified except in a writing signed by all parties hereto. This provision may not be orally waived.
- 24.** The sole and exclusive venue for the resolution of any dispute arising out of or related to this Agreement shall be the Chancery Court for the Fourth Judicial District of Tennessee, sitting in Sevier County, Tennessee. This Agreement shall be controlled by and construed pursuant to the laws of the State of Tennessee.
- 25.** This Agreement shall remain in full force and effect unless and until terminated pursuant to the terms and conditions set forth herein.
- 26.** The parties agree that this Agreement shall be recorded in the Register of Deeds Office for Sevier County, Tennessee, so as to provide notice to the world of the obligations of the Owner of each Site or Unit and the HOA, and such obligations shall constitute a charge on the land and shall be a continuing lien on the property of each Owner to assure the payment of the costs, expenses, and fees (including attorney fees) set forth herein and for the collection of all such costs, expenses, and fees (including attorney fees). Each person who accepts a deed for a Lot or accepts title as an heir or devisee shall be deemed to have consented to make all payments set forth herein, and to have agreed to all the terms and provisions of this Agreement regardless of whether this Agreement is included in the contract or deed or other instrument by which he, she, or it acquired title.
- 27.** This Agreement contemplates the provision of services at the design capacity of the system as set forth in the current TDEC permit for the Treatment Facility, which is .062 MGD. At such time as Developer intends to initiate any expansion of the Project which would cause the system capacity to exceed the current TDEC-permitted capacity of .062 MGD, Developer and Operator will meet and make arrangements for any and all additional equipment, land, costs, fees, and expenses prior to Developer undertaking of any such expansion. Operator is not required to, and will not, provide services for any expansion of the Project beyond the current TDEC-permitted capacity absent Operator’s express written consent, including, without limitation, (a) an agreement on all terms and conditions for wastewater treatment services regarding such expansion, and (b) there are no outstanding or past due

obligations of HOA or Developer to Operator. Developer indemnifies and holds Operator harmless from and against any cost, expense, fine, liability, or fee (including reasonable attorney fees) arising out of or in any way related to the Treatment Facility being used in a manner that exceeds its current TDEC-permitted capacity.

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

**Signatures Appear Below**

*The remainder of this page is intentionally left blank.*

## Signature Page for Grace Contractors, LLC

**Grace Contractors, LLC**

By: \_\_\_\_\_  
                   Jorge Amet, Manager

STATE OF TENNESSEE

COUNTY OF \_\_\_\_\_

Before me, the undersigned, a notary public of the state and county aforesaid, personally appeared **Jorge Amet**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be the Manager/Authorized Signatory of **Grace Contractors, LLC**, a Tennessee limited liability company, the within named bargainor, and that he as such Manager/Authorized Signatory executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as Manager/Authorized Signatory.

WITNESS my hand at office this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

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

My commission expires: \_\_\_\_\_

**Signature page for For By Grace Resort Property Owners Association, Inc.**

**For By Grace Property Owners Association, Inc.**

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

Its: \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned, a notary public of the state and county aforesaid, personally appeared \_\_\_\_\_, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be the Authorized Signatory of **For By Grace Property Owners Association, Inc.**, a Tennessee non-profit corporation, the within named bargainor, and that he as such Authorized Signatory executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as Authorized Signatory.

WITNESS my hand at office this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

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

My commission expires: \_\_\_\_\_

**Signature Page for East Sevier County Utility District**

**EAST SEVIER COUNTY UTILITY DISTRICT**

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

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

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

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned, a notary public of the state and county aforesaid, personally appeared \_\_\_\_\_, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be a Commissioner/Authorized Signatory of **East Sevier County Utility District**, a Tennessee Utility District, the within named bargainor, and that he as such Authorized Signatory executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as Authorized Signatory.

WITNESS my hand at office this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

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

My commission expires: \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned, a notary public of the state and county aforesaid, personally appeared \_\_\_\_\_, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be a Commissioner/Authorized Signatory of **East Sevier County Utility District**, a Tennessee Utility District, the within named bargainor, and that he as such Authorized Signatory executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as Authorized Signatory.

WITNESS my hand at office this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

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

My commission expires: \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned, a notary public of the state and county aforesaid, personally appeared \_\_\_\_\_, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be a Commissioner/Authorized Signatory of **East Sevier County Utility District**, a Tennessee Utility District, the within named bargainor, and that he as such Authorized Signatory executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as Authorized Signatory.

WITNESS my hand at office this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

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

My commission expires: \_\_\_\_\_

**Exhibit A  
Form Bill of Sale**

**BILL OF SALE**

Pursuant to the Master Wastewater Facility Operation and Maintenance Agreement entered into by and among **East Sevier County Utility District**, a Tennessee utility district (“**Operator**”), **Grace Contractors, LLC**, a Tennessee limited liability company (“**Developer**”), and **For By Grace Property Owners Association, Inc.**, a Tennessee non-profit corporation (“**HOA**”), dated \_\_\_\_\_, 2021 (“**Agreement**”), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and HOA do hereby grant, bargain, sell, transfer, and set over unto Operator, its successors and assigns, all of the equipment and other personal property, as set forth on **Exhibit A**, attached hereto and incorporated herein as if set forth herein verbatim (“**Assets**”). Capitalized terms not defined herein shall have the meanings assigned to them in the Agreement.

To have and to hold the Assets unto Operator, its successors and assigns, for its own use forever.

Subject to the provisions of this Bill of Sale, and any applicable provisions of the Agreement, the Assets are being transferred by Developer and HOA to Operator in good working order and condition, as a “turn key” facility.

Further, Developer and HOA warrant that the Assets are free and clear of any and all liens, claims, or encumbrances, and Purchaser receives, by these presents, good, clean, clear, and marketable title to all of the Assets. Developer and HOA each, jointly and severally, indemnify and hold Operator harmless from and against any liability, expense, cost, or fee (including reasonable attorney fees) arising out of or related to a breach or other violation of this warranty.

IN WITNESS WHEREOF, Seller and Purchaser have caused this Bill of Sale to be duly executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**Grace Contractors, LLC**

**For By Grace Property  
Owners Association, Inc.**

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_



**Exhibit B**

**Itemization of Conditions Precedent  
as Set Forth in Section 20**

**Schedule 11.a.****Rate Structure****(as of \_\_\_\_\_, 2021; subject to change)**

<b><u>Number of Bedrooms</u></b>	<b><u>Monthly Rate</u></b>
1-3	\$45
4-6	\$75
7-9	\$105
10-12	\$135
13-15	\$165

Pool House, Club House, Office, and similar - \$64 per month

Deposit - 3 times the current monthly rate on the date of account creation

Tap Fee - \$750