



**SouthWest  
Water Company**

728 Volare Drive  
Birmingham, AL 35244  
Phone 205.987.8352  
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www.swwc.com



September 20, 2010

Mr. Walter L. Thomas, Jr.  
Secretary  
Alabama Public Service Commission  
P.O. Box 304260  
Montgomery, AL 33130

RE: Application for Modification of Certificate of Financial Viability

Dear Mr. Thomas;

Enclosed please find the application to modify the certificate of financial viability for SouthWest Water Alabama On-Site Systems.

A check for Three Hundred (\$300.00) dollars for the application fee was sent separately with two (2) hard copies.

Sincerely,

Ray Deese, P.E.  
Utility Engineer

**APPLICATION TO AMEND  
CERTIFICATE OF FINANCIAL  
VIABILITY TO OPERATE  
DECENTRALIZED WASTEWATER  
CLUSTER SYSTEM**

**Southwest Water Alabama – Onsite  
System Services, LLC – ME0000009**

**Cahaba Manor  
Trussville, Alabama  
Jefferson County**



**SouthWest  
Water Company**

728 Volare Drive  
Birmingham, AL 35244  
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September 17, 2010

Mr. Walter L. Thomas, Jr.  
Secretary  
Alabama Public Service Commission  
P.O. Box 304260  
Montgomery, AL 33130

RE: Application for Modification; SouthWest Water Alabama On-Site Services, LLC  
Cahaba Manor Residential Subdivision

Dear Mr. Thomas:

Pursuant of Section WW-3(B) of the Interim Rules governing wastewater management entities, SouthWest Water Alabama On-Site Services respectfully submits an application for modification of our existing Certificate of Financial Viability. SouthWest Water Alabama On-Site Systems (SWAOSS) are requesting that Cahaba Manor be added to the list of wastewater systems that SWAOSS is certified to own, operate and maintain. Included is a check for the required fee of Three Hundred (\$300.00) dollars.

Information per Rule WW-3 provided below.

**1.1 Name of Applicant**

Mr. M. Ray Deese  
SouthWest Water Alabama On-Site Services, LLC  
728 Volare Drive  
Birmingham, Alabama 35244  
205-987-8352

**1.2 Character of Organization**

*Limited Liability Company*

**1.3 Proposed tariff, Rules and Regulations**

*See Attachment A; there are no proposed changes for the tariff and rules and regulations.*

**1.4 Worksheets for rates and data calculations.**

*See attachment A, SWAOSS Tariff*

**1.5 Description of proposed service area including map.**

Cahaba Manor is a 64 lot residential development located in the City of Trussville in Jefferson County Alabama.



*Map Courtesy of Map Quest*

#### **1.6 Description of wastewater system**

The wastewater treatment system will be designed to transport, provide treatment and irrigate a maximum of 16,000 gallons per day of residential strength wastewater. This system shall serve a residential community of 64 homes. The collection system will be designed as a low pressure system with grinder pumps located at each home. The low pressure force main will supply a conventional extended aeration, activated sludge biological treatment process. The treated effluent will gravity flow to dosing tanks where it will be pumped to subsurface drip irrigation fields. The subsurface drip irrigation will be constructed of multi-zones which will be timed dosed.

#### **1.7 Copy of franchise agreements(s) and/or approval(s) of municipal authorities**

*Not applicable*



**1.8 Estimate, in reasonable detail, of cost of proposed construction.**

Waste Water Treatment Plant: \$90,000  
Subsurface Drip Irrigation: \$95,000  
Ground Water Monitoring Wells: \$ 7,000

Total Construction Cost : **\$192,000**

**1.9 Draft operational permit numbers(s)**

*Class V UIC Permit Number ALSI9937001*

**2.0 All documents pursuant to Rule WW-6 and Rule WW-7**

*SWAOSS's Security Bond is on file with the PSC.*

**2.1 Estimate Revenue to be derived from this operation, indication the estimated number of customers in each classification service. Include and itemize estimated revenue to be derived from vacant lot fees or sewer system access fees.**

*See Attachment "B"*

**2.2 Copies of operators/installers licenses.**

*See Attachment "C"*

**2.3 Copies of all contracts pertaining to wastewater system(s) to which the ME is a Party.**

*See Sewer Service Agreement, attachment "D"*

**2.3 Copies of all relevant deeds and trust indentures.**

*See Attachment "E"*

**2.4 Copies of all regulatory compliance enforcement documents received by applicant In last two years.**

*Not applicable*

Sincerely,

Ray Deese, P.E.  
Utility Engineer

cc: File

**SOUTHWEST WATER ALABAMA – ONSITE SYSTEM SERVICES, LLC**

**TARIFF**

**FOR**

**SEWER SERVICES IN**

**THE STATE OF ALABAMA**

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SOUTHWEST WATER ALABAMA – ONSITE SYSTEM SERVICES, LLC

SEWER SERVICE RATES  
STATE OF ALABAMA  
(Rate Area to Which Schedule is Applicable)

**SEWER SERVICE RATES**  
**OCCUPIED RESIDENTIAL RATE**

(Class of Service)

STATE OF ALABAMA

Applicable to All Areas Served Within \_\_\_\_\_ Pursuant to Code  
of Alabama 22-25A-1, et seq. (2001)

**INCLUDES: SINGLE FAMILY DWELLINGS AND CONDOMINIUMS, TOWN  
HOMES, AND MOBILE HOMES**

**AVAILABILITY:**

Sewer service is available to each single family residence, condominium or town home located within the service area permitted by the Alabama Department of Public Health. Apartments will be handled under Commercial Class of Service.

**COST:**

Single Family Residences, Town Homes and Condominiums and Mobile Homes with separate water service

Monthly Rate:	\$ 48.50 per month (flat rate)
New Equipment Deposit	\$100.00 one-time deposit before start of service

Condominium and Complexes and Mobile Homes Parks (where Property Owners Association pays Utility for Sewer Service)

Monthly Rate	\$ 42.50 per month (flat rate)
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SEWER SERVICE RATES  
STATE OF ALABAMA  
(Rate Area to Which Schedule is Applicable)

**SEWER SERVICE RATES**  
**UNOCCUPIED RESIDENTIAL PREMISES OR LOT**  
(Class of Service)

STATE OF ALABAMA

Applicable to All Areas Served Pursuant to Code of Alabama 22-25A-1, et seq. (2001)

**AVAILABILITY:**

Once sewer service is available to a Residential Premises/Lot (i.e. sewage is able to flow from the Premises/Lot to the Treatment Facilities) located within the service area permitted by the Alabama Department of Public Health.

**COST:**

Residential Premises/Lot (Unoccupied)..... \$25.00 per month (flat rate)  
Reconnection Charge ..... \$50.00 per occurrence

The Unoccupied Residential Premises/Lot rate shall apply for a period of time beginning with the date that the initial Customer receives service, which initiates sewer service to the Premises/Lot and ending on the date of Closing on the sale of the Premises/Lot. Once Premises/Lot is occupied, the Customer occupying the Premises/Lot shall be responsible for timely payment of the then current Occupied Residential Rate until a future Closing on the sale of the Premises/Lot, at which time the purchaser of the Premises/Lot becomes the Customer and assumes payment of the Occupied Residential Rate.

Where water service has been disconnected for violation of these rules or for nonpayment of bills, the Utility may charge \$50.00 for reconnecting water service during regular business hours by manipulation of the Lock-out Water Valve on the Customer's water line, as provided in these Rules and Regulations.

SOUTHWEST WATER ALABAMA – ONSITE SYSTEM SERVICES, LLC

SEWER SERVICE RATES  
STATE OF ALABAMA  
(Rate Area to Which Schedule is Applicable)

**SEWER SERVICE RATES**

**OCCUPIED RESIDENTIAL RATE**

(Class of Service)

STATE OF ALABAMA – Silver Lakes, Helena, Jefferson County only  
Applicable to All Areas Served Within \_\_\_\_\_ Pursuant to Code  
of Alabama 22-25A-1, et seq. (2001)

**INCLUDES: SINGLE FAMILY DWELLINGS AND CONDOMINIUMS, TOWN HOMES, AND MOBILE HOMES**

**AVAILABILITY:**

Sewer service is available to each single family residence, condominium or town home located within the service area permitted by the Alabama Department of Public Health. Apartments will be handled under Commercial Class of Service.

**COST:**

Single Family Residences, Town Homes and Condominiums and Mobile Homes with separate water service

Monthly Rate:	\$ 24.00 per month (flat rate)
New Equipment Deposit	\$ <u>N/A</u> one-time deposit before start of service

Condominium and Complexes and Mobile Homes Parks (where Property Owners Association pays Utility for Sewer Service)

Monthly Rate	\$ <u>N/A</u> per month (flat rate)
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Note: This project is unique in that according to the recorded covenants for Silver Lakes, the homeowners designated by Jefferson County Health Department and connected to the onsite sewage collection and disposal system have sole responsibility for operation and maintenance of their septic tank and effluent pump station (STEP System) and related costs.



SEWER SERVICE RATES  
STATE OF ALABAMA  
(Rate Area to Which Schedule is Applicable)

**SEWER SERVICE RATES**  
**UNOCCUPIED RESIDENTIAL PREMISES OR LOT**  
(Class of Service)

STATE OF ALABAMA – Silver Lakes, Helena, Jefferson County only  
Applicable to All Areas Served Pursuant to Code of Alabama 22-25A-1, et seq. (2001)

**AVAILABILITY:**

Once sewer service is available to a Residential Premises/Lot (i.e. sewage is able to flow from the Premises/Lot to the Treatment Facilities) located within the service area permitted by the Alabama Department of Public Health.

**COST:**

Residential Premises/Lot (Unoccupied)..... \$18.00 per month (flat rate)  
Reconnection Charge ..... \$ N/A per occurrence

The Unoccupied Residential Premises/Lot rate shall apply for a period of time beginning with the date that the initial Customer receives service, which initiates sewer service to the Premises/Lot and ending on the date of Closing on the sale of the Premises/Lot. Once Premises/Lot is occupied, the Customer occupying the Premises/Lot shall be responsible for timely payment of the then current Occupied Residential Rate until a future Closing on the sale of the Premises/Lot, at which time the purchaser of the Premises/Lot becomes the Customer and assumes payment of the Occupied Residential Rate.

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SEWER SERVICE RATES  
STATE OF ALABAMA  
(Rate Area to Which Schedule is Applicable)

SEWER SERVICE TARIFF  
RECREATIONAL VEHICLE LOT  
(Class of Service)

STATE OF ALABAMA  
Applicable to All Areas Served Pursuant to Code of Alabama 22-25A-1, et seq. (2001)

**AVAILABILITY:**  
Sewer service is available to each recreational vehicle lot located within the service area permitted by the Alabama Department of Public Health.

**COST:**  
Recreational Vehicle Lot ..... None Proposed

SOUTHWEST WATER ALABAMA – ONSITE SYSTEM SERVICES, LLC

SEWER SERVICE RATES  
STATE OF ALABAMA  
(Rate Area to Which Schedule is Applicable)

**SEWER SERVICE TARIFF**

**COMMERCIAL**

(Class of Service)

STATE OF ALABAMA

Applicable to All Areas Served Pursuant to Code of Alabama 22-25A-1, et seq. (2001)

**AVAILABILITY:**

Sewer service to commercial, business and institutional Premises, including but not limited to, offices, markets, hotels, motels, dormitories, automobile trailer parks or courts, service stations, schools, churches, restaurants, fire stations, hospitals, convalescent homes and other similar types of facilities. Sewer service is available to each commercial Premises located within the service area permitted by the Alabama Department of Public Health. Commercial rates will be based upon the volume and strength characteristics of the wastewater discharged to the Collection System.

**COST:**

Commercial ..... Calculated for each Individual Applicant subject to ADPH approval

SEWER SERVICE RATES  
STATE OF ALABAMA  
(Rate Area to Which Schedule is Applicable)

## RULES AND REGULATIONS

### DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS:

Company - Southwest Water Alabama Onsite System Services, LLC, the provider of sewer services. The Company may also be referred to herein as the Utility and Entity providing sewer services.

Customer - Any person, association, corporation or governmental agency supplied or entitled to be supplied with sewer service by the Company upon payment of all applicable fees and charges. This is understood to mean one class of service furnished to one customer at a named location. The Initial Customer is the builder of the Premises.

Note: The Customer at certain developments, may be a Homeowners (or Property Owners) Association, created by the Developer, stipulated in the Covenants and properly recorded by the Developer in the County in which the development is located. Where the Property Owners Association is responsible for the collection of dues from owners of property (Premises and/or Lots) and payment of the sewer utility bill, based on the number of Premises/Lots being served by the Sewer System, the Property Owners Association becomes the Customer.

Month- One-twelfth of a year.

Sanitary Lateral- The sewer pipe that connects Customer's plumbing system from inside the Premises and terminates at the Connection Point to the Company's Sewer System.

Connection Point- The location where the Customer's Sanitary Lateral connects to the Residential Pump Station or, if a gravity system, where the Sanitary Lateral crosses the plane of the Right-of-Way.

Residential Pump Station- The pump station or septic tank, owned and operated by the Company, after installation that meets standards of Company

SOUTHWEST WATER ALABAMA – ONSITE SYSTEM SERVICES, LLC

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STATE OF ALABAMA  
(Rate Area to Which Schedule is Applicable)

and that collects sewage from the Sanitary Lateral and discharges sewage through the Sewer (Collection) System to the Treatment Facility.-

Sewer System-	A system of connected underground pipes, pumps and appurtenances built by the Developer and conveyed to and operated and maintained by the Company that collects, transports and treats Customer's sewage.
Sewage-	Wastewater discharged by the Customer to the Sewer System.
Closing-	The date of the transaction when the Premises/Lot are sold from one Customer to another.
Sewer Service Agreement-	The agreement between the Developer of the property and the Company that sets the understandings, expectations and obligations of both parties before, during and after construction of the sewer system that will serve the Premises/Lots.
Customer Service Agreement-	The agreement that sets forth understandings and commitments between Company and Customer. The Initial Customer generally requires this document as evidence that sewer service is available to the Premises/Lot.
Lock-out Water Valve-	The lockable water valve installed on the water service to the Premises, on the Premises side of the water meter box. The Lock-out Water Valves is owned by the Company and shall be closed in the event of Customer default of provisions in the Customer Service Agreement.
Treatment Plant-	Also called the Treatment Facility, which includes tanks and equipment to treat or transform sewage or otherwise eliminate pollutants so that the product of treatment meets standards set forth by governmental agencies for the protection and enhancement of public health and the environment.
Premises-	Building or structure built, set or parked on a Lot, whether for residential, commercial or recreational use and that is or will be connected to the Sewer System.

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**SEWER SERVICE RATES**  
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Lot-	Real estate, on which a Premises is planned, that is or will be connected to and receive sewer service. For single family dwellings, Lot and Premises are the same but this is not true for condominium units in large buildings
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## **I. OBLIGATIONS PRIOR TO SERVICE**

### **Notify Company of Need of Service**

Customer should contact the Company in writing, or as otherwise agreed to, requesting connection to the Sewer System. The Customer shall indicate to the Company the earliest date sewer service will be required. The Initial Customer for a Lot will generally be the developer or builder. The Initial Customer will be required to complete a Customer Service Application and execute a Customer Service Agreement provided by the Company as a prerequisite for sewer service. A copy of the Customer Service Agreement is attached hereto as Exhibit \_\_\_\_ and incorporated herein by this reference. The local (City, Town or County) building department will generally require an executed copy of the Customer Service Agreement as evidence of the availability of sewer service to the specific Lot in order to issue a building permit to start construction of the Premises. The Customer shall pay Company all applicable fees and deposits required by the Company at the signing of the Customer Service Agreement and shall be responsible for all fees required by the building department when applying for a building permit for the Premises.

### **Customer's Responsibility before Sewer System Connection**

Customer, at its sole cost and expense, shall collect and properly dispose of Sewage until sewer service is available to the Premises/Lot. This may be accomplished by portable sewage facilities.

### **Customer Responsibility for Residential Pump Station**

The Initial Customer shall furnish and install an approved Residential Pump Station as agreed to between the Developer and the Company, unless Developer has an agreement with the Initial Customer that the Developer will furnish and install the approved Residential Pump Station. A Residential Pump Station will be required for all low pressure Collection Systems. The Residential Pump Station must meet the minimum requirements of the licensed engineer that designed the system, and which received approval from the Company and the local, city, town or county jurisdiction that has authority to approve the design and installation of low pressure collection systems and Residential Pump Stations.

### **Sanitary Lateral**

Customer shall install the Sanitary Lateral from the Premises to the Connection Point of the Sewer System on the Lot as shown on approved construction drawings and as

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specifically set forth in the executed Sewer Service Agreement between the Developer and the Company. Customer shall insure that the Sanitary Lateral is installed and inspected in accordance with the requirements of all local building codes and the Sewer Service Agreement. Customer shall insure that all required licenses and permits have been obtained and are in effect. Customer shall notify the Company not less than four (4) days in advance of the date when the Customer needs to connect to the Sewer System. Customer's licensed plumber shall make connections of the Sanitary Lateral to the Connection Point of the Sewer System, unless otherwise agreed to by the Company, and connection shall be made in accordance with requirements as set forth by the Company in the Sewer Service Agreement, which include compliance with all applicable codes. A copy of the Sewer Service Agreement is attached hereto as Exhibit \_\_\_\_ and incorporated herein by this reference. Prior to connection of the Sanitary Lateral to the Connection point, the Customer shall have satisfied the pre-connection requirements of the Company as set forth in the Sewer Service Agreement, including but not limited to clearing debris and grading the Lot. In the case of Premises requiring a Residential Pump Station, the minimum electrical requirements shall be satisfied before Company will schedule a visit to the Lot to inspect the connection of the Sanitary Lateral to the Connection Point. The Customer shall not cover or backfill the Sanitary Lateral until the Company inspects and accepts the work by Customer, which approval shall not be unreasonably withheld by Company if standards of materials, workmanship and testing are satisfied. If Customer backfills the Sanitary Lateral before inspection and acceptance, the Customer will be required to excavate to expose the Sanitary Lateral for inspection. Until the Sanitary Lateral and the connection to the Sewer System are accepted by the Company, sewer service to the Premises/Lot will be withheld and the appropriate agencies notified.

**Water Valve**

Customer shall furnish and install a Lock-out Water Valve at Customer's cost on the water line between the water meter and the Premises, as specified by Company.

**Responsibility of Initial Customer until Premises/Lot Closing**

Initial Customer shall be solely responsible for all costs for repairs or replacement of the Sanitary Lateral, Residential Pump Station, Lock-out Water Valve and the Sewer System on Customer's Lot until Closing of the Premises/Lot, to cover damages to said components caused by Initial Customer, Initial Customer's contractors or others during construction, landscaping, deliveries, etc. Failure to repair or replace said components related to the Sewer System, as specified by the Company, shall constitute default and a release for Closing on the sale of the Premises/Lot will not be given by the Company. Damages to said components after the Closing on the sale of the Premises shall be the responsibility of the Initial Customer during the standard warranty period related to construction of the Premises/Lot and Company shall use all available legal remedies at its disposal to require the Initial Customer to correct damage(s) to said components to established Company standards in a timely manner so that sewer service can be provided to the New Customer (buyer of the Premises/Lot).



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**Sewer System Requirements**

Company shall be responsible for the review of the design, approval of the installation contractor(s), construction inspection, review of test procedures and acceptance of the Sewer System to ensure the Sewer System satisfies the requirements of Company and regulatory agencies with jurisdiction and is installed in accordance with the design that meets applicable local, state and federal codes. Failure of Company to provide approval of the Sewer System when the Sewer System meets these requirements and prevents Customer from discharging Sewage that meets quality requirements from the Sanitary Lateral, shall place Company in default of the Sewer Service Agreement, and Company shall proceed diligently to cure such default, with no financial obligation or penalty to Customer.

**Customer Service Agreement**

Company shall prepare the Customer Application and Service Agreement for each Premises/Lot, collect applicable fees and deposits and provide Customer with documentation evidencing sewer service is available to Premises/Lot once the Customer Service Agreement has been executed and all applicable fees paid in full. A copy of the executed Customer Service Agreement will be made available to the Customer and the Customer may make additional copies in the event a copy of the executed Customer Service Agreement is required by a jurisdiction to obtain a building permit before construction of the Premises/Lot can commence.

**Company – Customer Meeting**

Customer shall meet with a representative of the Company before construction begins to discuss the preferred location of the Sanitary Lateral, Residential Pump Station, if applicable, and Lock-out Water Valve to mitigate future problems and avoid any extraordinary costs to the Initial and subsequent Customers. The Company will review with Customer the requirements and procedures for inspection, testing, if any, and acceptance of the Sanitary Lateral and the components of the Sewer System that will be conveyed to the Company once accepted. The Customer will be advised of Customer's responsibilities to obtain line locations before construction and notification requirements of the Company to make inspections when Customer has neared completion of said construction. Residential Pump Stations can be started-up and tested only after Sewer System has been completed, tested and accepted and Customer has permanent power and water at the Lot and the Lock-out Water Valve has been properly installed and inspected.

**II. OBLIGATIONS AFTER SERVICE COMMENCES**

**Company Access to On-lot Components**

Customer shall provide reasonable access to the Residential Pump Station, Lock-out Water Valve and any and all Sewer System connections and associated piping on the Lot for access by a designated representative of the Company for inspection, testing, repair, replacement or other measures considered necessary by the Company to troubleshoot or

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correct a problem By executing the Customer Service Agreement, Customer agrees to grant Company access to the Lot to inspect, troubleshoot and correct problems related to the Sewer System components and to access the Lockout Water Valve to disconnect and reconnect Customer's sewer service under circumstances as set forth herein and in the Sewer Service Agreement, as approved by the Developer and the State Department of Public Health. Such access shall be provided to the Company or its authorized agent(s) at all reasonable times. Further, the Customer shall take reasonable steps and exercise reasonable care to protect the Company's Sewer System from damage and to protect the property of the Company located on Customer's Lot. Customer shall pay the cost of necessary repairs or replacement to the Residential Pump Station or Sewer System caused by the failure of the Customer, or its subcontractors, agents, representatives, invitees or licensees to exercise due care or to protect Company's equipment on Customer's Lot. Company shall exercise reasonable care to stay within utility easements as set forth in Covenants and preliminary or recorded plat for Lot and to protect Customer's property from damage while on the Lot.

**Discharge Requirements**

Customer shall only discharge Sewage into the Sewer System which has characteristics that are within specifications of the Company and shall not allow constituents that are prohibited. The list of materials with acceptable limits and the listing of prohibited materials may be amended from time to time by the Company. Details of acceptable and prohibited materials are shown in Section III below.

**Fees and Penalties**

Customer shall pay Monthly Fees when due. Any bill that is not paid within fifteen (15) days from the due date shall be deemed delinquent. A monthly penalty of five dollars or five percent (5%) of the delinquent bill, whichever is greater, will be assessed against Customer's account. At any time after a Customer's account has become delinquent, the Company may deliver to the Customer written notice of the Company's intention to disconnect service if the account is not paid in full within five (5) days. Note: The act of disconnecting sewer service will occur by the Company closing and locking the Lock-out Water Valve, if installed on the water line to the Premises or through other legal measures available to the Company and as set forth in the Covenants, the Sewer Service Agreement or the Customer Service Agreement. If Customer's account has not been fully satisfied within twenty (20) days after the end of the five (5) day notice of Company's intention to disconnect, the Company may then disconnect service without further notice, subject to the following provisions:

**Delinquent Accounts**

The Company shall notify Customer, in writing and in accordance with applicable provisions herein of a delinquent account or Customer default. The Company reserves the right to disconnect sewer services at any time after the twenty (20) day grace period if Customer is still in default and has failed to pay all fees due the Company or otherwise has failed to comply with the Rules and Regulations contained herein.

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The Customer shall have the right to pay such delinquent account at any time prior to the actual disconnection of sewer service. The Customer shall be responsible for all costs and expenses reasonably incurred by Company, including attorneys' fees, as a result of Customer's failure to pay fees and charges, as set forth herein.

**Service Disconnect**

Payment by the Customer, as provided above, at the offices of the Company, shall not affect the Company's right during the day such payment is received, to disconnect service for nonpayment, if such payment was unknown to the Company employee who is tasked with disconnecting the Customer at the time of disconnecting the service. No service shall be disconnected for nonpayment after 3:30 P.M. on any day immediately preceding a day or days when the Company's office will normally be closed.

**Obligation of Customer to Notify Company**

- (a) Customer shall notify Company promptly in the event of trouble with the Sewer System, including but not limited to Sewage on the ground, an alarm from the Residential Pump Station, or damage to the Sewer System. Customer shall call the 24-hour emergency response telephone number located on the control panel of the Residential Pump Station or as set forth in the Customer Service Agreement or as shown on the monthly billing for sewer service.
- (b) Customer, including the initial and subsequent owner of Premises/Lots, shall notify the agent used by the Customer in a transaction to sell a Premises/Lot. The selling Customer shall be responsible for obtaining a release document from the Company that states selling Customer is in not in default of the Customer Service Agreement and shall instruct agent of this requirement for the Premises/Lot Closing. The Customer shall also obtain a document from the Company that provides for the assignment of the Customer Service Agreement to the new Customer (buyer of Premises/Lot) at the Premises/Lot Closing.

**Obligation of Company to Maintain System**

Company or its designated agent shall operate and maintain the Sewer System, including the Residential Pump Stations in accordance with applicable regulatory requirements. Sewer service shall be available to Customers in all areas of development covered by these Rules and Regulations, provided that the areas have been properly permitted and accepted by the State and/or County regulatory agencies. The Company will use reasonable diligence and take all reasonable measures to provide an uninterrupted flow of Sewage from the Residential Pump Station, but in the event Sewage flow should be interrupted or fail:

- (a) by reason of accident, strike, legal process, governmental order, fire, extraordinary repairs, constituents in Sewage prohibited by Company or other causes beyond the control of the Company, or
- (b) by action of the Company when, in the sole judgment of the Company, such

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interruption will prevent or alleviate an emergency threatening the integrity of the Sewer System or aid in the restoration of its service in such an emergency,

Then the Company shall not be held liable for damages because of such interruption or failure and the Customer shall have no right to make a claim for such damages.

### **Expansion of System**

The Company shall be responsible to review and approve the design and construction of any expansions to the Sewer System and Treatment Plant to ensure the expanded facilities meet regulatory requirements and growth demands. Existing Customers will not be responsible to pay for expansion of the Sewer System. The cost of the Sewer System expansion shall be borne exclusively by the Developer of any new Lots that require sewer service, just as the original facilities were funded and built. The Company's primary responsibility is to operate, maintain and manage Sewer Systems that have been built to Company standards but Company will fulfill its obligations under the Sewer Service Agreement with the Developer for any expansion of the Sewer System and take all reasonable steps to approve a system expansion that will not unduly increase the cost of sewer service to existing and new Customers.

### **Emergency Service**

The Company shall provide a 24-hour emergency service number for the Customer to contact in the event of a problem and the Company shall take reasonable measures to correct problems in a timely manner once notified.

### **Billing Cycle**

The Company shall bill each Customer on a monthly basis for sewer services. The amount of one-month's billing will be collected in advance from each Customer prior to rendering services to the Premises. All bills for service shall be payable in advance. Bills for sewer service will be issued monthly and will be payable at offices of the Company within fifteen (15) days from the due date. Other arrangements for payment of monthly bills, including but not limited to electronic fund transfers, may be implemented by the Company.

### **Customer Accounts**

The Company shall maintain all Customer accounts for a period of not less than three (3) years and when there is a dispute from Customer, Company may provide Customer with historical record of charges and payments. Requests from Customer shall be made during normal work hours of Company and Company agrees to provide information in a timely manner at Customer's cost. A representative of the Company will be available during normal business hours to assist the Customer with questions about sewer service, system problems, Rules and Regulations and monthly or special billings.

### **Company's Obligation to Comply with Regulations**

The Company shall submit all documentation required by Alabama Department of Public Health, the Alabama Department of Environmental Management, the local or

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County Health Department and the Alabama Public Service Commission in a timely manner to avoid notices of violation or non-compliance and to request and make adjustments to the rate schedule for sewer service.

### III. GENERAL TERMS AND CONDITIONS AFTER SERVICE COMMENCES

#### Prohibited substances and materials

The following wastewater characteristics, specifications and limitation are provided, including those materials that are prohibited from the Sewer System

##### General

The following materials are prohibited from being discharged into the Company's Sewer System:

Coffee grounds	Dental floss	Kitty litter	Tampons
Disposable diapers	Sanitary napkin	Cigarette butts	Condoms
Fats, grease or oil	Paper towels	Paints	Varnishes
Petroleum thinners	Motor oil	Pesticides	Fuels
Egg shells	Combustibles	Photography products	
Sand, dirt or other abrasives			

No storm water, including but not limited to, water from paved areas, area roads and ways, roof runoff, foundation drains, subsurface drains, springs and/or wells, cooling water, basement sump pump discharge, photographic developing or processing chemicals, unpolluted industrial or commercial process water, or other sources shall be admitted to the Company's sewer system.

The discharge of garbage to the Company's sewer system is expressly prohibited. Food items, when properly shredded through a kitchen garbage disposal, may be discharged into the Company's Sewer System.

No person shall cause or permit to be discharged into the Company's Sewer System any toxic substance or wastewater having any of the following characteristics:

Containing any gasoline, naphtha, fuel, oil or other liquids, solids or gases which, by reason of their nature or quality, may cause fire or explosion, or be in any other way injurious to persons, the structure of the Sewer System or its operation.

Wastewater containing any photographic developing or processing fluids or chemicals.

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Wastewater having a temperature in excess of 120 Degrees Fahrenheit or lower than 20 Degrees Fahrenheit.

Wastewater having a pH lower than 6.0 or higher than 9.0 or having any corrosive property capable of causing damage or hazards to structures, components, equipment, operation, or personnel of the Sewer System.

Wastewater containing any noxious or malodorous gas or substance that either singly or by interaction with sewage or other wastewater is likely, in the opinion of any governmental agency or the Company, to create a public nuisance or hazard, interfere with normal operations of the Sewer System or prevent access to the Sewer System for maintenance or repair.

Wastewater containing ashes, cinders, sand, mud, straw, shavings, metal, paint, glass, rags, feathers, tar, plastic, wood, cotton or other fibers, lime, slurry or any other solid or viscous material of such character or in such quantity as in the opinion of the Company may cause an obstruction in the flow of the Sewer System or otherwise interfere with the proper operation of the Sewer System.

Wastewater containing insoluble, non-flocculent substances having a specific gravity in excess of 2.65.

Wastewater containing soluble substances in such concentrations as to cause the specific gravity to be greater than 1.1.

Wastewater containing any of the following substances in concentrations exceeding those shown in the following tables as measured by an acceptable method (EPA or Standard Methods, latest edition).

<u>SUBSTANCE</u>	<u>MAXIMUM PERMISSIBLE CONCENTRATION</u>
	(milligrams per liter, mg/L)
Phenolic Compounds, e.g., as C <sub>6</sub> H <sub>5</sub> OH	1.00
Cyanides as CN	0.00
Cyanates as CNO	0.00
CBOD (5 day)	300.00
Total Suspended Solids	300.00
Total Nitrogen (Kjedahl and Ammonia)	50.00
Total Phosphorous	5.00
Oil, Fats and Grease	50.00
Iron as FE	3.00
Trivalent Chromium as CR +3	0.05
Hexavalent Chromium as CR +6	0.05
Nickel as Ni	0.05

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Copper as Cu	0.50
Lead as Pb	0.50
Zinc as Zn	0.50
Mercury as Hg	0.01

Wastewater containing other matter detrimental to the operation of the Residential Pump Station or Sewer System or causing erosion, corrosion or deterioration in the equipment and structures of the Company.

Wastewater containing more than 10 mg per 100 gallons of any of the following gases: hydrogen sulfide, sulfur dioxide, nitrous oxide, or any of the halogens.

Wastewater containing toxic substances in quantities sufficient to injure or interfere with the sewage treatment process, or which constitute a hazard to humans or animals or which create any hazard in the Sewer System operation. Such toxic waste shall include, but not be limited to, waste containing cyanide, chromium and/or copper ions.

Any wastewater containing toxic substances in quantities sufficient to interfere with biochemical processes of the Sewer System or that will pass through the sewer system and exceed the local, state and/or federal requirements in respect thereof.

Any wastewater containing radioactive isotopes

**Company Access to Equipment on Customer's Property**

The Company and its authorized agents or subcontractor shall have free access to the Sewer System equipment, lines and appurtenance and the Lock-out Water Valve located on the Customer's Lot as may be necessary from time to time. The Customer shall use reasonable diligence to protect the equipment, lines and appurtenance and the Lock-out Water Valve on the Lot, owned by the Company and shall reimburse the Company for injuries or damages suffered by the Company, the Company's property or any person resulting from intentional misconduct or negligence of the Customer or contractors or agents of Customer. The Company shall take reasonable steps to avoid damages to Customer's property during access for inspections, repairs and disconnection of service.

**Copies of Rates and Rules**

A copy of the rates, rules and regulations under which sewer service will be provided by the Company is on file with the Alabama Department of Public Health and is open to inspection at offices of the Company during normal business hours.

**Connection Fee (Deposit)**

The Initial Customer shall pay a one-time Connection Fee as a deposit upon execution of the Customer Service Agreement for the Premises/Lot. This Connection Fee shall be One Hundred Dollars (\$100.00) and will be held by the Company as a deposit and



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in reserve to be used to make repairs for damages to the Company's equipment, including Lock-out Water Valve, or Sewer System caused by the Customer, or any employee, agent, representative, invitee or licensee of Customer and to cover the cost of Company's inspection of Premises/Lot before service can commence. Note:

- (a) In the event that cost to the Company for inspection and/or damages and correction of damages caused by Customer or any employee, agent, representative, invitee or licensee of Customer exceeds the \$100.00 Connection Fee (Deposit), the Customer shall continue to be responsible for payment of the remaining amount until Customer gets approval from Company for use of Company's equipment or Sewer System.
- (b) Should ownership of the Premises/Lot change, the new owner will be required to sign a Customer Service Agreement for the Premises/Lot at Premises/Lot Closing but the new owner will not be required to pay the Connection Fee (Deposit) of \$100.00.

**Installation and Use of Lock out Water Valve**

The Initial Customer, by utilizing sewer services provided by the Company, hereby agrees to install at Customer's expense, a Lock-out Water Valve on Customer's water line between the water meter and the Premises. In the event of any violation of the Rules and Regulations of the Sewer System, approved by the Alabama Department of Public Health, Customer hereby authorizes the Company to access and shut and lock the Lock-out Water Valve until the Customer fully complies with the Rules or Regulations being violated by the Customer. The Company may shut and lock said Lock-out Water Valve in any of the following circumstances:

For nonpayment of applicable sewer service fees when due.

For noncompliance with the Rules and Regulations of the Sewer System. The Company may disconnect sewer service to any Customer for violation of these Rules and Regulations after it has given the Customer at least five (5) days written notice of such intention, in accordance with the provisions herein. Where such violations endanger the health and safety of Customers, Company employees, its agents or subcontractors or the community in general, service may be disconnected immediately without written notice.

For use of Company's Sewer System that is detrimental or damaging to the Company or its Customers. If the use of the Sewer System by the Customer is found to be detrimental or damaging to the Company or other Customers, sewer service may be disconnected without notice. The Company will attempt to notify the Customer promptly of the reasons for disconnection and the corrective action to be taken by the Customer or Company before service can be restored. The Company will notify the local health department and other regulatory and government agencies, as appropriate, of the actions required or being taken.

For fraudulent use of the Sewer System. Should the Company discover that a

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Customer has obtained service by fraudulent means, or is using the Sewer System for an unauthorized use, sewer service to that Customer may be disconnected without notice. The Company will not restore sewer service to such Customer until that Customer has (i) complied with all the approved Rules and Regulations and (ii) reasonable requirements of the Company, including reimbursement of the Company for the full amount for sewer service rendered and the actual cost the Company incurred by reason of the fraudulent use.

**Delinquent Bills and Collection Fee.**

The Company may, but shall not be required to, mail customer invoices at least five (5) days prior to the due date indicated on the billing invoice. Any bill not paid within fifteen (15) days from due date shall be deemed delinquent. A monthly penalty of five dollars or five percent (5%) of the delinquent bill, whichever is greater, will be assessed against the Customer's account.

**Notice to Disconnect Service.**

At any time after a Customer's account has become delinquent, the Company may deliver to the Customer a '5 Day Disconnection Notice' that states the Company's intention to disconnect service if the account is not paid in full within 5 days of the end of the grace period.

**Delivery of Disconnect Notice.**

The delivery of the Company's 5 Day Disconnection Notice of intention to discontinue service, or any other notice required or permitted to be given by Company, shall be considered to be given to Customer when a copy of such notice is delivered to such Customer, left at the Premises/Lot where service is rendered, or posted in the United States mail, addressed to the Customer's last known post office address. Such notice shall be effective when received if delivered personally, or when posted in observable location if left at the Premises/Lot, or deposited in the U.S. mail.

**Third party notification**

Contemporaneously with written notice to the Customer of its intent to disconnect, the Company may mail a copy of such notice to the local health department.

**Reconnection fee**

In the event that a Customer's sewer service has been disconnected for nonpayment or any other reason other than for the Company's convenience, the Customer must comply with all of the following before sewer service will be restored by the Company:

- (a) The Customer must pay the total documented amount in arrears, including any late fees, and
- (b) The Customer must pay Fifty Dollars (\$50.00) to restore service (if paid during the Company's normal business hours) and Seventy-five Dollars (\$75.00) to restore service (if paid outside the Company's normal business hours.)
- (c) All Customer payments must be received at the Company's place of

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business during normal business hours.

Note: The Company may decline to serve a Customer's new Premises/Lot that is indebted to the Company for sewer service or who has been disconnected at another location served by the same Sewer System, until all fees and charges owed to the Company have been paid in full.

Other Default Provisions:

In the event the Customer is delinquent in the payment of any fees, charge, cost or expense for which the Customer is responsible, or is in default of its obligations as set forth in the Customer Sewer Agreement, or does not have a Lock-out Water Valve, the Company may exercise any, or all of the following options:

The Company shall be and hereby is authorized and entitled to execute any and all agreements, documents, and instruments for the disconnection of water service to the Premises/Lot; and/or

The Company may commence and maintain a lawsuit against Customer to enforce the Customer Service Agreement and any such judgment rendered shall include all fees, charges, costs or expenses due and payable to the Company, along with late charges, interest, collection fees and expenses in addition to reasonable attorney's fees, court costs and all other expenses incurred by the Company; and/or

The Customer, its successor and assigns, grants and conveys to the Company an equitable and continuing lien upon Customer's Premises and Lot and upon any and all interests therein, which said lien shall secure the prompt payment of any and all sums due and payable to the Company, or in the event Customer violates any of the terms or provisions of the Customer Service Agreement. The Company shall have the right to file such lien against the Customer's Premises or Lot in the Probate Office of the County in which the Premises/Lot is located, in a form adopted and approved by the Company, which lien shall secure the prompt payment of all fees, charges, interest, collection fees and expenses, including reasonable attorney's fees, court costs and all other expenses incurred by the Company.

Transfer of service.

Customer may transfer its Customer Service Agreement for the Premises/Lot in the event of the sale of the Premises/Lot and as approved by the Company, which approval will not be withheld unreasonably. For sewer service to be transferred as in the case of the sale of the Premises/Lot, it is the responsibility of the current Customer to (i) assign the Customer Service Agreement for the Premises/Lot to the buyer at the Closing on the sale of the Premises/Lot, (ii) to provide the buyer a copy of the Tariff or to notify the buyer of the Company's name and telephone number to obtain information regarding sewer service and (iii) to notify the Company of such proposed transfer. Notwithstanding the foregoing, no proposed transfer of service shall be effective until the buyer of the Premises/Lot from Customer signs a new Customer Service Agreement for the Premise/Lot with Company. The Customer with sewer service for the most days during the month in which transfer occurs is responsible for payment of the

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regular Monthly Fee for that month.

Payment time extension.

The Company may, at any time and from time to time, extend, upon terms satisfactory to the Company, the time for payment of any delinquent account, or any part thereof, and its action in so doing shall be without prejudice to its rights to disconnect service, or to refuse to grant similar extensions or waivers thereafter.

Extenuating circumstances.

It is the responsibility of the Customer to notify the Company regarding any circumstances that might require special consideration prior to the disconnection of services for nonpayment of a delinquent bill or Customer default.

Returned checks.

An administrative charge of Thirty Dollars (\$30.00) will be charged to each Customer for any of Customer's checks or electronic funds transfers that are returned due to insufficient funds. Such charge shall be considered part of Customer's account for which service may be disconnected due to non-payment.

**House Plumbing and Sanitary Lateral.**

The Company, in accepting the application of the Customer and in supplying sewer service, does not assume any obligation or responsibility for the proper installation or function of Customer's plumbing system or the Sanitary Lateral that connects to the Connection Point of the Sewer System. Customer will be responsible for power costs for operation of a Residential Pump Station, if required, as well as any maintenance, repair and replacement of the internal plumbing, Sanitary Lateral and equipment up to the Connection Point to the Sewer System.

**Agreements in Writing**

It is understood and agreed that no statement of any representative, employee or officer of the Company may bind the Company, unless the same is in writing and approved by the signature of an authorized representative of the Company. No representative, employee or officer of the Company is authorized to waive this condition.

**Automatic Debit Program**

The Company may implement an automatic debit program for the convenience of Customer for the payment of Monthly Fees.

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**State Rules and Regulations**

These Rules and Regulations shall be construed together with the Rules of the State Board of Health Chapter 420-3 and the Rules of the Alabama Department of Environmental Management Chapter 335-6, but if there is a conflict, the State Regulations cited hereinabove will control.

1-Sep-10

**Cahaba Manor WWTS  
PROJECTED/ACTUAL REVENUE AND EXPENSES**

YEAR	--2011--	--2012--
	<u>Projected</u> 1st Year	<u>Projected</u> 2nd Year
<b>MONTHS CONSIDERED IN YEAR</b>	<b>12</b>	<b>12</b>
CUSTOMERS (Beginning of Year)	0	30
TOTAL NUMBER OF HOMES	64	64
NEW HOMES ADDS IN YR	30	30
<b>CUSTOMER UNITS, NEW</b>		
# OF NEW UNITS OCCUPIED AT YEAR END	15	15
# OF NEW UNITS UNOCCUPIED AT YEAR END	15	15
TOTAL SEWERED UNITS (End of Calendar Year)	30	60
REVENUE [\$100 SECURITY DEPOSIT, (Not for O&M)]	\$ 3,000	\$ 3,000
REVENUE (UNOCCUPIED UNITS)	\$ 2,250	\$ 2,250
REVENUE (OCCUPIED UNITS, HOMEOWNERS)	\$ 8,730	\$ 26,190
REVENUE TOTAL (AM'T FOR O&M COSTS)	\$ 10,980	\$ 28,440
PROJECTED/ACTUAL O&M COSTS	\$ 34,582	\$ 44,042.95
REVENUE AVAILABLE FOR O&M COSTS	\$ 10,980	\$ 28,440.00
<b>DEVELOPER SUBSIDY PROJECTION</b>	<b>\$ 23,602</b>	<b>\$ 15,603</b>
<b>Net Cost to Developer/Month</b>	<b>\$ 1,967</b>	<b>\$ 1,300</b>
PLANT SIZE, Gallons per Day (GPD)	16000	16000
PLANT FLOW (GPD Per Home)	200	200
PLANT FLOW (Reserved GPD, Year End)	6000	12000
<b>OPERATING EXPENSES (2011 Dollars, Est.)</b>	<b>Year 1</b>	<b>Year 1</b>
<b>Months of Operation</b>	<b>12</b>	<b>12</b>
<b>LABOR</b>		
OPERATIONS	\$ 8,320	\$ 10,400
MAINTENANCE	\$ 3,900	\$ 7,800
ADMIN/BILLING	\$ 750	\$ 1,050
NEW CONSTR INSPECTION	\$ 1,920	\$ 1,920
ENGINEERING/MANAGEMENT	\$ 1,920	\$ 2,400
<b>UTILITIES</b>	\$ 1,463	\$ 2,217
CHEMICALS	\$ 405	\$ 405
PARTS/MATERIALS		
COLLECTION SYSTEM & PS	\$ 250	\$ 500
TREATMENT PLANT	\$ 200	\$ 250
FIELD SYSTEM & MISC SITE	\$ 200	\$ 200
SUBCONTRACTOR		
LABORATORY	\$ 1,440	\$ 1,440
SLUDGE HAULING/DISPOSAL	\$ 450	\$ 450
COLLECTION SYST REPAIRS	\$ 200	\$ 250
<b>SUPPLIES</b>		
PLANT	\$ 50	\$ 70
ADMIN & POSTAGE	\$ 25	\$ 25
<b>VEHICLES</b>		
OIL AND GAS	\$ 374	\$ 374
REPAIRS	\$ 300	\$ 300
BUSINESS LICENSES	\$ 50	\$ 50
BANK FEES	\$ 720	\$ 720
INSURANCE (POLL, CGL, PROP)	\$ 1,020	\$ 1,020
SURETY	\$ 200	\$ 200
CORP AND AL PSC REPORT EXPENSES	\$ 750	\$ 750
EQUIP REPLACE SINKING FUND (APSC Formula)	\$ 3,911	\$ 3,911
OVERHEAD, TAXES & MGMT FEE	\$ 5,764	\$ 7,340
<b>TOTAL COST</b>	<b>\$ 34,582</b>	<b>\$ 44,043</b>
<b>EST. MONTHLY COST/UNIT</b>	<b>\$ 96.06</b>	<b>\$ 61.17</b>

STATE OF ALABAMA  
Alabama Department of Environmental Management

THIS IS TO CERTIFY THAT

**ROBERT D ADAMS**

HAS MET THE REQUIREMENTS AND IS DULY CERTIFIED AS A

Wastewater Grade IV Operator


OPERATOR NO: C001520 EXPIRES: 2/28/2013

*Robert D Adams*

ADEM

SIGNATURE OF OPERATOR



STATE OF ALABAMA  
Alabama Department of Environmental Management  
THIS IS TO CERTIFY THAT  
**DERICK D BROOKS**  
HAS MET THE REQUIREMENTS AND IS DULY CERTIFIED AS A  
Wastewater Grade IV Operator  
OPERATOR NO.: C001433 EXPIRES: 8/31/2013  
  
SIGNATURE OF OPERATOR



SRF AND OPERATOR CERTIFICATION SECTION  
ALABAMA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT  
POST OFFICE BOX 301463  
MONTGOMERY, ALABAMA 36130-1463  
(334) 271-7796

7/28/2009

MR. JERRY W TERRELL JR.  
901 GRADEN WOODS DRIVE  
BIRMINGHAM AL 35244

RE: CERTIFICATION - WASTEWATER GRADE II  
CERTIFIED OPERATOR NO. C004534

Dear Mr. Terrell:

Your certificate has been renewed as requested.

Please notify us of any change of address or employer that occurs while you hold a valid certificate.

Below you will find two cards, one of which should be kept with you at all times when performing your duties as an operator.

If you have any questions regarding this matter, please contact the SRF and Operator Certification Section at (334) 271-7796.

Renewal notices are typically mailed 90-120 days prior to expiration. However, failure to receive a renewal notice does not relieve you of the responsibility of renewing your certification in a timely manner.

CEH Carryover:

10

INTERNET RENEWAL

STATE OF ALABAMA  
Alabama Department of Environmental Management  
THIS IS TO CERTIFY THAT  
JERRY W TERRELL JR.  
HAS MET THE REQUIREMENTS AND IS DULY CERTIFIED AS A  
Wastewater Grade II Operator  
OPERATOR NO: C004534 EXPIRES: 7/31/2012

ADENV

SIGNATURE OF OPERATOR

STATE OF ALABAMA  
Alabama Department of Environmental Management  
THIS IS TO CERTIFY THAT  
JERRY W TERRELL JR.  
HAS MET THE REQUIREMENTS AND IS DULY CERTIFIED AS A  
Wastewater Grade II Operator  
OPERATOR NO: C004534 EXPIRES: 7/31/2012

ADENV

SIGNATURE OF OPERATOR

State of Alabama       )  
                                  :  
Jefferson County       )

## Sewer Service Agreement

This Agreement is made this 13<sup>th</sup> day of SEPTEMBER, 2000, by and between Cahaba Manor LLC, an Alabama limited liability company ("DEVELOPER") and Southwest Water Alabama Onsite System Services, LLC, an Alabama limited liability company ("ENTITY").

WHEREAS, DEVELOPER is developing certain real property in Warrior, Jefferson County, Alabama, identified as the Cahaba Manor Subdivision ("Development"), and DEVELOPER desires to enter into this Agreement with ENTITY to provide sewer service to residents of the "Development"; and

WHEREAS, DEVELOPER desires that ENTITY collaborate with DEVELOPER to permit and own and operate the sewer system once constructed; and.

WHEREAS, DEVELOPER owns certain real property to be used for the Development and desires to contribute a portion of such property to ENTITY and ENTITY desires to accept such property to be placed in trust for exclusive use as the sewage disposal system for the Development; and

WHEREAS, ENTITY possesses demonstrated financial viability and expertise to permit, own, operate and manage assets dedicated to the collection of sewage ("Collection Facilities") and the treatment and disposal of sewage ("Treatment Facilities") generated within the Development and desires to provide such services to DEVELOPER to benefit the Development; and

WHEREAS, ENTITY agrees to submit applications for and possess the necessary regulatory permits to operate the Collection and Treatment Facilities for the Development as the State-certified management entity for the Development.

NOW THEREFORE, the parties agree as follows:

**1. Definitions.** The following definitions shall apply to this Agreement.

- a. "Development" shall mean the Cahaba Manor Subdivision as shown on Exhibit 1 and so recorded.
- b. "Customer" shall mean any person, association, corporation or governmental agency supplied or entitled to be supplied with sewer service by the ENTITY upon payment of all required fees and charges. The "Initial Customer" will be the developer or builder building on Lots within the Development where such developer or builder must show evidence of the availability of sewer service to obtain approval to build on the Lot. Ownership of a Lot is required to be a Customer; renters or tenants that do not own the Lot cannot be Customers without written approval of the Entity.



- c. "Initial Customer" shall mean the builder of the residence or commercial building.
- d. "ENTITY" shall mean Southwest Water Alabama Onsite System Services, LLC, the entity with responsibility to provide sewer service to designated Customers.
- e. "Sewage" shall mean the wastewater discharged by the Customer into the Sanitary Lateral.
- f. "Sanitary Lateral" shall mean the sewer pipe that collects and conveys sewage from the interior plumbing system of a building and terminates outside the building at the Connection Point of the Collection Facilities.
- g. "Collection Facilities" shall mean the mechanical and electrical facilities, including but not limited to pipe, valves, fittings, devices, structures, tanks and pumps, between the Connection Point at the Sanitary Lateral and the Treatment Facilities.
- h. "Treatment Facilities" shall mean the mechanical and electrical facilities, including but not limited to pipe, valves, fittings, pumps, tanks, ponds, etc., that process and treat sewage to produce and discharge effluent through an outfall to a specified location and with a specified quality that collectively are defined by one or more governmental regulatory agencies with the jurisdiction to issue mandatory permits for the design, construction and operation of such Treatment Facilities.
- i. "Connection Point" shall mean the point where the Sanitary Lateral physically connects to the Collection Facilities. In cases where the Collection Facilities utilize a gravity sewer system, the Connection Point is the point where the plane of the street Right-of-Way crosses the Sanitary Lateral. In those cases where the Collection Facilities utilize a low pressure system, the Connection Point is the point where the Sanitary Lateral connects to the Sewage Pump Station.
- j. "Sewage Pump Station" shall mean the pump station that meets the standards of the ENTITY and that collects sewage from the Sanitary Lateral and pumps sewage through the Collection Facilities to the Treatment Facilities. The Sewage Pump Station for a single family residence may be a grinder pump station or a septic tank with an effluent pump. A Sewage Pump Station may serve a single residence, multiple residences in a condominium building complex, or one or more commercial units within a commercial development.
- k. "Sewer System" shall mean the combination of the Collection Facilities and Treatment Facilities; "Sewer System" may also be referred to collectively as "Facilities".
- l. "Treatment Plant" shall mean the facility or facilities that treat, process or otherwise transform sewage to reduce or eliminate pollutants and/or constituents so that the product of treatment meets standards and limits set forth by governmental regulatory agencies for the protection and enhancement of public health and the environment.
- m. "Customer Sewer Service Agreement" or "Customer Agreement" shall mean the agreement between the ENTITY and the Customer that sets forth understandings, commitments and obligations of each party thereto. The Customer Agreement is evidence to the agency issuing building permits that sewer service is available to Customer's Lot. The Customer Agreements run with the property (Lot) and are assignable when the existing Customer sells the Lot to a buyer who purchases the Lot, at the Lot



Closing. At and after the Lot Closing, the buyer of the Lot becomes the new Customer.

- n. "Lot" shall mean the distinct parcel of real estate within a preliminary or final plat that meets all requirements of a recorded subdivision and that requires utilities, including but not limited to sewer service. For commercial developments the Lot shall mean the distinct parcel or commercial unit owned by a Customer.
- o. "Premises" shall mean the building or structure built, set or parked on the Lot, whether residential, commercial or recreational, that is connected to and served by the Sewer System.
- p. "Mixed Development" means a development that has different types of residential Premises or has both residential and commercial Premises.
- q. "Lock-out Water Valve" shall mean the designated lockable water valve installed between the water utilities meter and the Premises, where such Lock-out Water Valve is owned by the ENTITY and shall be closed at the discretion of the ENTITY in the event of Customer's default of the Customer Agreement, including but not limited to failure to pay for sewer services.
- r. "Lot Closing" shall mean the date of the transaction when the Lot or the Lot and Premises are transferred by sale from one party (the selling Customer) to another party (the buying Customer).
- s. "Agreement Closing" shall mean the date of the transaction when the provisions of this Agreement are fully satisfied by the DEVELOPER and ENTITY, including but not limited to the conveyance of Real Property by DEVELOPER, as set forth herein.
- t. "Real Property" shall mean the property required for the onsite sewage disposal system that, by State Law, must be conveyed to the ENTITY to provide sewer service to Customers within the Development.
- u. "Substantially Complete" means that while not complete to the point of satisfying all criteria as being accepted, the Facilities, or a portion of the Facilities, have been tested and can be operated under certain conditions, as approved by the ENTITY and other jurisdictions with the authority to approve the operation of such Facilities, to benefit Customers in need of service.

**2. Contribution of Real Property.** Based upon and subject to the terms, covenants, conditions, representations and warranties set forth in this Agreement, DEVELOPER shall convey as a non-refundable Contribution-In-Aid-of-Construction and ENTITY shall accept the real property, described on Exhibit 2 (the "Real Property"), to be dedicated for the Sewer System for the Development. No other property of DEVELOPER shall be contributed to ENTITY other than that set forth in Exhibit 2. In addition, DEVELOPER will execute, deliver and record, in favor of ENTITY, such easements, including utility easements, as may be necessary or required to allow ENTITY access to and egress from the Real Property, and for ENTITY's use in installing, maintaining and replacing the Sanitary Lateral, the Water Lock-Out Valves, the Collection Facilities, the Treatment Facilities, the Connection Point, the Sewage Pump Station, the Treatment Plant, and all other parts and components of the Sewer System.

**2.1 Real Property Conveyed Free and Clear.** The Real Property shall be conveyed to ENTITY, free and clear of any liabilities, claims, liens, charges or

encumbrances of any nature whatsoever, and such conveyance shall be evidenced by a general warranty deed from DEVELOPER to ENTITY. In addition, DEVELOPER will cause to be signed, delivered and recorded, "Covenants to Run With the Land", in the form of Exhibit 3 to this Agreement, evidencing to future property owners within the Development that the Real Property has been designated for a Sewer System that may restrict the use of the Lot(s) and obligate the owner(s) thereof (Customer) to special operation, maintenance and reporting requirements.

**2.2 Liabilities Excluded.** ENTITY is not assuming and shall not pay, perform, or discharge any debt, liability, obligation, understanding, arrangement or contract of DEVELOPER, whether written or oral, or existing, contingent or inchoate, as a part of this transaction, except as specifically set forth herein, and DEVELOPER shall remain liable for all such liabilities.

### **3. Facilities.**

**3.1 Collection and Treatment Facilities.** Both parties recognize that the Development and the Collection and Treatment Facilities to serve the Development may be built in phases. DEVELOPER herein represents that the Development will be built in 2 phase(s). DEVELOPER will build 46 units (single family homes, condominiums or town homes, commercial units) in Phase I of the Development. In the event more than one (1) phase of the Development will be built, or if the Development will be a Mixed Development, the DEVELOPER will describe the Development (types and numbers of Premises and anticipated build-out schedule) on Exhibit 4.

**3.2 Construction of Collection Facilities.** Based upon and subject to the terms, covenants, conditions, representations and warranties set forth in this Agreement, DEVELOPER shall construct and install the Collection Facilities at its sole expense. DEVELOPER shall design and construct the Collection Facilities to comply with standards and specifications of local codes, state law and industry standards such design shall be agreed to, in advance, in writing, by DEVELOPER and ENTITY. It is agreed that the common goal of both parties hereto is to work collaboratively to design and construct Collection Facilities to provide long term service and reliability at the lowest, reasonable life-cycle cost.

Prior to construction of the Collection Facilities, the DEVELOPER and ENTITY shall agree to the following in writing (or by approved drawings);

- o The design and specifications of the Collection Facilities, including materials of construction (Note: Approval of such design and specifications by ENTITY shall not be unreasonably withheld).
- o Model and detailed layout and installation procedures for Lot Pump Stations
- o Collection Facilities inspection and testing procedures
- o Company(ies), firm(s) or individual(s) qualified with current, valid licenses to construct and/or install the Collection Facilities and related appurtenances. (Note: ENTITY's approval of the qualified constructor/installer shall not be unreasonably withheld).



ENTITY shall work with such constructor/installer to assist in understanding the design and specifications and to facilitate construction and installation of the Collection Facilities.

The Collection Facilities shall not be considered complete until all test data have been compiled by DEVELOPER and reviewed and accepted by ENTITY and as-built drawings have been reviewed by ENTITY; however, the Collection Facilities may be used under certain mutually agreeable circumstances if Substantially Complete.

Once construction, inspection and testing of the Collection Facilities have been completed and satisfy the mutually-agreeable design and standards as established prior to start of construction, DEVELOPER will convey the Collection Facilities, and the Real Property on which the Collection Facilities are situated, to ENTITY as a non-refundable Contribution-In-Aid-of-Construction and ENTITY shall accept DEVELOPER's contribution. As a condition precedent to acceptance of the Collection Facilities by ENTITY, the completed Collection Facilities and the Real Property on which the Collection Facilities are situated shall be conveyed to ENTITY by a general warranty deed and/or bill of sale together with (1) accurate cost records establishing the construction costs of the Collection Facilities which shall include a copy of related construction contracts duly certified by a Notary Public in the State of Alabama as true and correct, (2) perpetual rights of way and easements, in recordable form, for access to the Collection Facilities, and (3) complete as-built plans of the Collection Facilities.

Following acceptance of DEVELOPER's contribution thereof, ENTITY will be responsible for all subsequent operation and maintenance of the Collection Facilities, except for warranty repairs and replacement related to the construction of the Collection Facilities during the first twelve (12) months from the date of acceptance by ENTITY, unless ENTITY agrees to waive such warranty provisions. Warranty repairs or replacement shall be made at the sole expense of the DEVELOPER or the company, firm or individual party selected by the DEVELOPER who installed or constructed the facilities that failed and required repairs or replacement.

DEVELOPER shall require all Customers to convey, at no cost to ENTITY, as a Contribution-In-Aid-of-Construction, any required and approved Lot Pump Stations in the Development. DEVELOPER shall require Initial Customer to have a licensed plumber to make connection from the Sanitary Lateral to the Lot Pump Station, at the Initial Customer's sole cost, unless otherwise agreed to by the ENTITY, and this connection shall be made in accordance with requirements set forth by local building, plumbing and other applicable codes, and shall be satisfactory to the ENTITY. Prior to installation of the Lot Pump Station, DEVELOPER shall require that all affected Customers have their lots graded and cleared of debris, and have permanent electrical service to the pump control/alarm panel on the exterior wall of each Premises, in close proximity to the Lot Pump Station, as set forth on the construction drawings and in specifications and to code. Where a discrepancy between applicable codes and drawings or specifications exists, the work product must satisfy code. The DEVELOPER'S twelve (12) month warranty on the Lot Pump Stations shall start once the Lot Pump Stations have been installed, inspected and accepted by the ENTITY.



**3.3 Construction of Treatment Facilities.** Based upon and subject to the terms, covenants, conditions, representations and warranties set forth in this Agreement, the DEVELOPER shall cause the Treatment Facilities to be designed and constructed at DEVELOPER's sole cost and expense as hereinafter provided. Both parties acknowledge and agree that the Treatment Facilities shall be designed and built to meet all applicable government and regulatory standards. DEVELOPER shall cause the Treatment Facilities to be designed, constructed and tested in accordance with standards, plans and specifications agreed to, in advance, in writing, by DEVELOPER and ENTITY prior to start of construction.

The selection of the company(ies), firm(s) or individual(s) to construct all or part of the Treatment Facilities shall be mutually agreed upon by DEVELOPER and ENTITY in advance of the start of construction.

Both parties agree that records of costs for labor, material, supplies, and otherwise, associated with the design and construction of the Treatment Facilities (including a copy of any related engineering or construction contracts) shall be compiled, kept and maintained by the DEVELOPER. Copies of the original documents showing direct costs thereof, including but not limited to invoices and receipts, thereof shall be provided to ENTITY by DEVELOPER

In addition to the direct construction costs, both parties agree that the total cost of construction of the Treatment Facilities shall include the cost of all labor, materials and supplies, together with the reasonable value of any contract work furnished directly or indirectly by ENTITY or others, and any related State or local sales, use or other taxes, if applicable. The cost of materials and supplies shall include the purchase price at the point of free delivery plus customs duties, excise taxes, the cost of inspection, loading and transportation. The cost of contract work shall include amounts paid for work performed under contract by other companies, firms or individuals, together with the costs incident to the award of such contracts, and the inspection of such work.

Upon completion of construction, the Treatment Facilities, together with the Real Property on which such Treatment Facilities are situated, shall be conveyed to ENTITY by a general warranty deed and/or bill of sale as a non-refundable Contribution-In-Aid-of-Construction, along with perpetual rights of way and easements, in recordable form, for access to the Treatment Facilities. As a condition precedent to accepting the Treatment Facilities, the DEVELOPER shall provide to the ENTITY, within sixty (60) days of the completion of construction, the costs of construction, inspection and testing duly certified by a Notary Public in the State of Alabama as true and correct

Following acceptance of the completed Treatment Facilities, ENTITY will be responsible for all subsequent operation and maintenance of the contributed Treatment Facilities, except ENTITY shall not be responsible for warranty repairs or replacement which shall extend for a period of twelve (12) months from ENTITY'S acceptance of the Treatment Facilities. Warranty repairs or replacement shall be the made at the sole expense of the DEVELOPER or the company, firm or individual party selected by the DEVELOPER who installed or constructed the



Treatment Facilities that failed, unless ENTITY agrees to waive such warranty provisions.

### **3.4 Ownership of and Responsibility for Collection and Treatment Facilities.**

Both parties agree that, once contributed by DEVELOPER to ENTITY, the Sewer System and the Real Property shall at all times remain the sole, complete and exclusive property of ENTITY, its successors and assigns, pursuant to this Agreement and in accordance with State Law. The Real Property, and any other real property for the Sewer System, as contributed by DEVELOPER to ENTITY, shall be held by ENTITY exclusively for the collection, treatment and disposal of sewage for the Development, or any additions thereto, provided that neither the design capability of the Sewer System, nor the permitted capacity of the Sewer System, is exceeded, as determined by the ENTITY. Further, once contributed, DEVELOPER shall be indemnified and held harmless by ENTITY, from additional construction and installation costs, except as specifically set forth herein.

**3.5 Alternative Sewer Service and Reverter.** In the event that either: (i) the DEVELOPER designs and constructs the required sewer infrastructure to transport sewage from the Development to an off-site Treatment Facility that possesses a valid discharge permit issued by the Alabama Department of Environmental Management or the Alabama Department of Public Health, or (ii) municipal sewer service becomes available to the Development, and if DEVELOPER otherwise complies in all respects with the standards and requirements for the safe transport of sewage as set forth by the jurisdiction with the authority to establish such standards and requirements, the DEVELOPER shall have the right to terminate this Agreement in writing, and to re-acquire the Real Property, provided the following conditions shall be satisfied:

- Written notification of DEVELOPER's intent to terminate this Agreement shall be received by the ENTITY at least thirty (30) days prior to the connection of the last remaining Sanitary Lateral within the Development,
- A copy of the agreement between the permitted entity or municipality and the DEVELOPER to serve the Development,
- Express written approval from Alabama Department of Public Health to discontinue use of Treatment Facilities.

Both DEVELOPER and ENTITY agree that upon termination of this Agreement, DEVELOPER shall assume all responsibility for, and liabilities associated with, the operation, maintenance and proper discontinuation, decommissioning and/or closure of the Treatment Facilities as may be required by any government or regulatory agency with the authority to impose such rules, regulations and requirements.

Upon termination of this Agreement and effective on the last day of service, ENTITY agrees to discontinue invoicing Customers and to make available to DEVELOPER all records directly relating to Customers and the Collection and Treatment Facilities. ENTITY further agrees to transfer to DEVELOPER the balance of funds in the mandatory sinking fund account (established by the ENTITY to fund the replacement of equipment at the end of its operating life), less reasonable, documented costs by ENTITY to close out the project and obtain all necessary regulatory approvals. The



balance of funds shall be made available within sixty (60) days of the last date of service to the Development by ENTITY.

Subject to prior approval by the Alabama Department of Public Health, and any other jurisdiction or agency having regulatory jurisdiction over the Real Property, ENTITY agrees to re-convey to DEVELOPER, by statutory warranty deed, the Real Property previously conveyed by DEVELOPER to ENTITY pursuant to Section 2 hereof.

In the event DEVELOPER requires ENTITY to assist in the removal of the Treatment Facilities to satisfy government and regulatory rules and regulations, both parties agree the scope of ENTITY'S services and ENTITY'S compensation will be set forth in a separate agreement.

4. **Guaranteed Revenue** - Both parties acknowledge that the Customer fees and rules (collectively referred to as "Tariff") for use of the Sewer System are regulated by the Alabama Public Service Commission. Both parties acknowledge and agree, further, that the Tariff for the Development must impose certain rules and fees for ENTITY to properly operate, maintain and manage the Sewer System and to treat Customers in a fair and equitable manner. A copy of the Tariff for the Development is included herewith as Exhibit 5 and is hereby made a part of this Agreement.

Both parties agree that the most difficult period for both the DEVELOPER and ENTITY to properly fund the operation, maintenance and management of the Sewer System occurs during the Sewer System's initial years before complete build-out of the Development. Accordingly, ENTITY agrees to develop an annual operating budget and DEVELOPER agrees to pay to ENTITY, as guaranteed operational revenue, on a monthly basis, an amount equal to one-twelfth of the annual budget reduced by the total of the Lot charges, for Occupied and Unoccupied Lots, received by ENTITY from Customers, where such Customers and Customer charges are defined by the Tariff for the Development and billed by the ENTITY. ENTITY shall bill DEVELOPER monthly for the guaranteed revenue payments required by this section, which shall terminate when all Lots in the Development are sold or built-out by DEVELOPER. In the event that the total of the guaranteed operational revenue exceeds budgeted costs prior to full build-out of the Development, ENTITY's monthly invoice to the DEVELOPER shall be \$0.00. DEVELOPER shall pay such bills, at the offices of ENTITY, within thirty (30) days following the date of such invoice. Any bill not paid within thirty (30) days from the date of the bill shall bear interest at the rate of 1 ½ percent per month, or the maximum amount allowed by law, whichever is less.

The Developer, as owner of the Development, is the Initial Customer for each Lot, and Developer shall remain the Customer for each Lot until the Lot is sold to a buyer, who will become the new Customer. A Customer Agreement between the ENTITY and Customer shall be executed for each Lot in the Development prior to the Customer receiving sewer service (that point in time when the Premises are connected to the Collection Facilities). In the event the Development establishes and records organizational documents for the formation of a Property Owner Association that will collect fees from the occupants of residential and/or commercial Lots, and where the fees so collected shall cover the cost of sewer service along with other services and expenses, ENTITY shall invoice the designated Property Owner



Association as set forth in the Tariff. Such Property Owner Association shall be responsible for payment of ENTITY'S invoices within the same time as required for DEVELOPER.

A copy of the Customer Sewer Service Agreement for this Development is included herewith as Exhibit 6 and is hereby made a part of this Agreement.

In the event ownership of a Lot is scheduled to change, the current Customer has the responsibility to transfer the Customer Sewer Service Agreement to the purchaser of the Lot at the Closing on the Lot sale/purchase so that the benefits and obligations as set forth in the Tariff and this Agreement are transferred to the new Customer. Agreement by the ENTITY to assign the Customer Agreement to a new Customer at the Closing on the Lot sale shall be conditional upon a review of the current Customer's account and the current Customer not being in default of any terms and provisions of the Tariff. Until the Customer Sewer Service Agreement is properly transferred and assigned to the new Customer, the current Customer shall be responsible for compliance with all obligations and liabilities as set forth in the Tariff.

5. **Representations and Warranties of DEVELOPER.** Except as set forth in the disclosure schedule accompanying this Agreement (the "Disclosure Schedule", Exhibit 7), DEVELOPER represents and warrants to ENTITY that the statements contained in this Section 5 are true, correct and complete as of the date of this Agreement, and will be true as of the effective date of the conveyance of the Real Property and the Facilities.

**5.1 Organization and Standing.** DEVELOPER is a Limited Liability Company organized and existing under the laws of the State of Alabama and is in good standing under such laws. DEVELOPER has all requisite power to own the properties (including the Real Property) owned by it and to conduct its business as currently being conducted by it.

**5.2 Power.** DEVELOPER has all requisite power to enter into this Agreement and to contribute the Real Property and to carry out and perform its obligations under the terms of this Agreement.

**5.3 Authorization.** All corporate or other action on the part of DEVELOPER, its directors and shareholders, or its managers and members, or otherwise, necessary for the authorization, execution, delivery and performance by DEVELOPER of this Agreement and the consummation of the transactions contemplated herein, has been taken by DEVELOPER or will be taken prior to the Agreement Closing. This Agreement is a valid and binding obligation of DEVELOPER, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and reorganization laws. The execution, delivery and performance by DEVELOPER of this Agreement and compliance herewith will not result in any violation of and will not conflict with, or result in a breach of any of the terms of, or constitute a default under, (i) any provision of local, state or Federal law to which DEVELOPER, the Real Property, or the Facilities are subject, (ii) DEVELOPER's organizational documents, (iii) any mortgage, indenture, agreement, instrument, judgment, decree, order, rule or regulation or other restriction to which DEVELOPER is a party or by which it is bound, or (iv) result in



the creation of any mortgage, pledge, lien, encumbrance or charge upon the Real Property, the Facilities or other property of DEVELOPER.

**5.4 Title.** DEVELOPER has good and marketable title to the Real Property and the Facilities, and the Real Property and the Facilities will be transferred to ENTITY, free and clear of any liabilities, liens, charges, encumbrances, adverse claims, options to purchase or restrictions or conditions on transfer.

**5.5 Litigation.** There is no suit, action, arbitration or legal, administrative or other proceeding or governmental investigation threatened or pending against or affecting the Real Property or the Facilities, nor does DEVELOPER know or have reasonable grounds to know of any basis for any such action or proceeding. There is no pending or threatened action, proceeding or investigation or any injunction, writ, preliminary restraining order or any order of any nature issued by any court or governmental agency, domestic or foreign, of competent jurisdiction directing that the transactions contemplated by this Agreement not be consummated, and no such injunction, writ, preliminary restraining order or other order has been issued or is in effect. There is no suit, action or other proceeding, pending or threatened, before any court or governmental agency which seeks to obtain damages or other relief in connection with this Agreement or any of the transactions contemplated hereby and DEVELOPER knows of no basis for such suit, action or other proceeding.

**5.6 Consents and Compliance with Law.** Except as set forth in the Disclosure Schedule, DEVELOPER has neither violated nor is currently in violation of, and the consummation of the transactions contemplated hereby will not cause any violation of, any order of any governmental entity or any law, ordinance, regulation, order, requirement, statute, rule, permit, concession, grant, franchise, license or other governmental authorization relating or applicable to the Real Property or the Facilities.

**5.8 Taxes.** All federal, state, local and payroll taxes called for by any federal, state or local returns or reports, or due or claimed to be due by the Internal Revenue Service or any other taxing authority upon DEVELOPER or upon or measured by the Real Property, the Facilities, or any of DEVELOPER's other properties, sales or income, have been or will be properly paid. Neither the Real Property, nor the Facilities, is subject to any lien for taxes that are delinquent or due and payable.

**5.9 Condition of Tangible Property.** All of the tangible personal property located on the Real Property or in the Facilities is, and will be as of the Agreement Closing, in good operating condition.

**5.10 Brokers or Finders.** No agent, broker, investment banker or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with the transactions made the subject of this Agreement, based on arrangements made by or on behalf of DEVELOPER.

**5.11 Environmental Matters.** Neither the Real Property, nor the Facilities, is contaminated with any toxic or hazardous substance that is regulated by or under the authority of any Environmental Law (as hereinafter defined), including any petroleum products, asbestos or polychlorinated biphenyls (hereinafter, collective,



"Hazardous Substance"). The DEVELOPER is not a party to any litigation or administrative proceeding threatened against it that alleges or asserts that the Company (i) violated any Environmental Law, (ii) is required to clean-up, remove or take other remedial or other responsive action due to the disposal, deposit, discharge, leak, transport or other release of any Hazardous Substance, or (iii) is required to pay all or a portion of the cost of any past, present or future clean-up, removal, or remedial or other action that arises out of or is related to the disposal, deposit, discharge, leak, transport or other release of any Hazardous Substance. There are not any tanks or other facilities on, under or at the Real Property, or the Facilities, containing materials that, if known to be present in soil or ground water, would require clean-up, removal or other remedial action under any Environmental Law, and (ii) the DEVELOPER is not subject to any judgment, order or citation related to or arising out of any Environmental Law and has not been named or listed as a potentially responsible party by any governmental entity in a matter related to or arising out of any Environmental Law. For the purposes of this section, the term "Environmental Law" shall mean any federal, state or local law (including statutes, regulations, ordinances, codes, rules, judicial opinions and other governmental restrictions and requirements) relating to the discharge of air pollutants, water pollutants, noise or odors, the processing of wastewater, or otherwise relating to the environment or hazardous or toxic substances.

**5.13 Title to Real Property and Facilities.** Neither the Real Property nor the Facilities is subject to: (i) any liens, claims, indebtedness or encumbrances; (ii) any government decree or order; or (iii) any rights of way, building use restrictions, exceptions, variances, reservations or limitations of any nature whatsoever. There is no condemnation or similar proceeding pending or threatened against the Real Property, the Facilities, or any improvements thereon or therein. DEVELOPER has not received any notice of any public assessments against or threatening the Real Property or the Facilities and DEVELOPER has no knowledge of any basis for any such assessment. The Real Property and the Facilities are all properly zoned for their present use, and any future uses thereof contemplated by DEVELOPER or this Agreement.

**5.13 Representations and Warranties True at Agreement Closing.** All representations and warranties of DEVELOPER contained in this Agreement shall be true on and as of the Closing Date and shall survive the Closing Date.

**6. Representations, Warranties and Covenants of ENTITY.** ENTITY makes the representations, warranties and covenants to DEVELOPER set forth below, each of which is true and accurate as of the date of this Agreement and will be true as of the effective date of the conveyance of the Real Property and the Facilities.

**6.1 Organization and Good Standing of ENTITY.** ENTITY is a limited liability company duly organized under the laws of the State of Alabama, is an Alabama-certified Management Entity in good standing with a valid Certificate of Financial Viability and has full power to carry on its business as now conducted and has authority to accept the Real Property, the Facilities and the cash contributions required by this Agreement.

**6.2 Authority of ENTITY.** The execution by ENTITY of this Agreement and related documents contemplated by or described in this Agreement, and the

consummation of the transactions provided for herein, have been duly authorized by the manager of ENTITY. ENTITY has full power and authority to enter into and carry out the provisions of this Agreement and the documents contemplated or described herein and ENTITY's performance of the provisions of this Agreement and said documents does not constitute a violation or breach of any provision of ENTITY's articles of organization or operating agreement.

**6.3 Representations and Warranties True at Agreement Closing.** All representations and warranties of ENTITY contained in this Agreement shall be true on and as of the Closing Date and shall survive the Closing Date.

**7. Closing.** The Agreement Closing of the transactions contemplated by this Agreement shall take place on the \_\_\_\_ day of \_\_\_\_\_, 200\_\_, at 10:00 a.m., Central Time, at the offices of ENTITY, or on such other date and at such other place as the parties may agree.

**8. Deliveries to ENTITY.** At the Agreement Closing, DEVELOPER shall execute and deliver to ENTITY the following:

- a. the general warranty deeds and/or the bills of sale referred to in Sections 2 and 3 hereof, together with such different and additional deeds, bills of sale, endorsements/ assignments, documents of title, and instruments of conveyance and transfer, in form reasonably satisfactory to ENTITY, as shall be effective to vest in ENTITY all of DEVELOPER's title to, and interest in, the Real Property and the Facilities under applicable law;
- b. peaceable possession of the Real Property and Facilities to be conveyed pursuant to this Agreement;
- c. all necessary perpetual rights of way and recorded easements, including easements necessary for access to Lot Pump Stations, including, but not limited to, the "Covenants to Run With the Land" required by Section 2 hereof;
- d. a standard form owner's title insurance policy with respect to the Real Property and the Facilities. Such title insurance policy shall be reasonably satisfactory in form and substance to ENTITY. Such title insurance policy shall show the Real Property and Facilities to be free of all liens and encumbrances, except such liens and encumbrances as shall be accepted by ENTITY, in advance, in writing; and
- e. a survey for the Real Property, dated within ten (10) days following the date of this Agreement, which survey shall be sufficient to allow the title insurance company to eliminate the standard printed exceptions in an owner's title insurance policy, pertaining to discrepancies in area or boundary lines, encroachments, overlaps, improvements or similar items.

**9. Covenants and Further Assurances.** DEVELOPER, from time to time after the contribution and conveyance of the Real Property and Facilities, at ENTITY's request, will execute, acknowledge and deliver to ENTITY such other instruments of conveyance and transfer, and will take such other actions and execute and deliver



such other documents, certifications and further assurances as ENTITY may reasonably request in order to vest more effectively in ENTITY, or to put ENTITY more fully in peaceable possession of the Real Property and Facilities, or any part thereof. ENTITY and DEVELOPER hereby covenant and agree to use their respective best efforts to take such actions and to execute such documents and instruments as may be reasonably required or requested by the other to more effectively effectuate the purposes of this Agreement.

## **10. Indemnification.**

**10.1.1 Indemnification of Entity.** DEVELOPER shall indemnify ENTITY, its members, managers, officers, agents and affiliates (the "ENTITY Indemnified Parties") in respect of, and hold the ENTITY Indemnified Parties harmless against any debt, obligation, loss, claim, liability, deficiency, proceeding, demand, assessment, damage, action, cause of action, cost or other expense (including reasonable attorneys' fees), incurred or suffered by the ENTITY Indemnified Parties, resulting from, relating to or constituting:

- a. any breach of any representation or warranty of DEVELOPER contained in this Agreement or in any exhibit, schedule or other document, instrument or agreement furnished by DEVELOPER pursuant to this Agreement;
- b. any failure to perform any covenant or agreement of DEVELOPER contained in this Agreement, or in any other document, instrument or agreement furnished by DEVELOPER; or
- c. DEVELOPER's ownership of the Real Property or the Facilities prior to Closing.

**10.1.2 Indemnification of Developer.** ENTITY shall indemnify DEVELOPER, its members, managers, officers, agents and affiliates (the "DEVELOPER Indemnified Parties") in respect of, and hold the DEVELOPER Indemnified Parties harmless against any debt, obligation, loss, claim, liability, deficiency, proceeding, demand, assessment, damage, action, cause of action, cost or other expense (including reasonable attorneys' fees), incurred or suffered by the DEVELOPER Indemnified Parties, resulting from, relating to or constituting:

- a. any breach of any representation or warranty of ENTITY contained in this Agreement or in any exhibit, schedule or other document, instrument or agreement furnished by ENTITY pursuant to this Agreement;
- b. any failure to perform any covenant or agreement of ENTITY contained in this Agreement, or in any other document, instrument or agreement furnished by ENTITY; or
- c. ENTITY's ownership of the Real Property or the Facilities following the Closing.

**10.2 Procedure for Indemnification.** ENTITY Indemnified Parties may exercise their right to indemnification by notifying DEVELOPER of any matter for which

the ENTITY Indemnified Parties are entitled to indemnification and of the amount of Damages (as hereinafter defined) sought to be collected from DEVELOPER. A copy of any demand letter, cost bill, complaint or judgment, or any voucher, cancelled check or other evidence of any Damages paid by any ENTITY Indemnified Party, or of the amount of Damages due from any ENTITY Indemnified Party, but not yet paid, shall be conclusive evidence of the amount of the Damages. Upon receipt of such notification, the DEVELOPER shall, within ten (10) days, indemnify and hold the ENTITY Indemnified Parties harmless by paying to them all of said Damages. In the event any ENTITY Indemnified Party is required to resort to judicial proceedings to enforce the obligations of the DEVELOPER, or to determine the DEVELOPER's liability hereunder, such ENTITY Indemnified Party shall be entitled to recover all costs associated with such judicial proceeding (to the extent such ENTITY Indemnified Party is the prevailing party), including costs of court, expenses, and reasonable attorneys' fees.

- 10.3 Insurance.** DEVELOPER shall cause each ENTITY Indemnified Party to be named as an additional insured on DEVELOPER'S general liability insurance policy, which policy shall provide limits of liability no less than \$1,000,000 per occurrence and \$1,000,000 annual aggregate. DEVELOPER shall furnish to ENTITY a certificate of DEVELOPER'S insurance, showing each ENTITY Indemnified Party as an additional insured thereon, within twenty-one (21) days following the execution of this Agreement. Such policy shall further provide that notice shall be given to ENTITY as least thirty (30) days prior to cancellation, non-renewal or material change in coverage. If DEVELOPER fails to provide the insurance certificate required by this subsection, within the time required hereby, ENTITY may terminate this Agreement, immediately, on written notice to DEVELOPER at its address set forth herein.

## **11. Miscellaneous.**

**11.1 Successors and Assigns.** All covenants, conditions, representations, warranties and agreements of the parties contained herein shall be binding upon and inure to the benefit of the parties and their respective legal representatives, successors and assigns.

**11.2 Entire Agreement.** This Agreement, including all documents attached hereto or referenced herein, which are incorporated by this reference as if fully set forth herein, embodies the entire agreement and understanding between the parties relating to the contribution and conveyance of the Real Property and Facilities, and all other matters referenced herein, and supersedes any prior understandings or agreements with respect to the subject matter hereof.

**11.3 Amendment.** No supplement, modification or amendment of this Agreement shall be binding upon the parties unless executed in writing by both parties.

**11.4 Expenses.** Whether or not the transactions contemplated by this Agreement are consummated, and except as otherwise provided herein, the DEVELOPER shall pay the fees and expenses for counsel, accountants and other experts, and all other expenses incurred by such party incident to the negotiation, preparation and execution of this Agreement and the consummation of the transactions



contemplated hereby, provided that the expenses of DEVELOPER shall not be paid out of the Real Property or Facilities.

**11.5 Invalidity.** If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties agree to negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible.

**11.6 Headings.** The headings of the Sections and subsections of this Agreement and of the Schedules or Exhibits hereto are included for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation hereof or thereof.

**11.7 Construction and References.** Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. Unless otherwise specified, all references in this Agreement to Sections, subsections or clauses are deemed references to the corresponding Sections, subsections or clauses in this Agreement, and all references in this Agreement to Schedules or Exhibits are references to the corresponding Schedules and Exhibits attached to this Agreement.

**11.8 Modification and Waiver.** The party that is entitled to the benefits thereof may waive any of the terms or conditions of this Agreement in writing at any time. No waiver of any of the provisions of this Agreement shall be deemed to be or shall constitute a waiver of any other provisions hereof (whether or not similar).

**11.9 Notices.** Any notice, request, instruction or other document to be given hereunder by either party to the other party shall be in writing and delivered personally or by registered or certified mail, postage prepaid:

If to ENTITY, to:

Southwest Water Alabama Onsite System Services, LLC  
728 Volare Drive  
Birmingham, Alabama 35244  
Attention: Ed Becker, Agent  
Tel: 205-987-8352  
Fax: 205-987-8337  
Email: [ebecker@swwc.com](mailto:ebecker@swwc.com)

If to DEVELOPER, to:

Cahaba Manor LLC  
P.O. Box 846  
Birmingham AL 35201  
Attention: John L. Hartman III  
Tel: 205 879 0500  
Fax: 879 5903  
Email: carla@hartman-springfield.com

or at such other address for a party as shall be specified by like notice. Unless otherwise specifically provided elsewhere in this Agreement, all notices, requests, demands, claims and other communications under this Agreement shall be deemed given when received.

- 11.10 Governing Law.** This Agreement and all matters connected with the performance thereof shall be construed, interpreted, and governed in all respects by the laws of the State of Alabama. Additionally, all terms and conditions of this Agreement are subject to the prior acceptance by the Alabama Department of Public Health, and if any provision herein is not accepted by the Alabama Department of Public Health, then this entire Agreement is null and void ab initio.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date and year first above written.

DEVELOPER (Cahaba Manor LLC)

By: [Signature]  
Its Manager

ENTITY (Southwest Water Alabama Onsite System Services, LLC)

By: [Signature] 9/13/10  
Its Manager

or

AGENT for ENTITY (SWWC Services, Inc., formerly Novus Utilities, Inc.)

By: Ed Becker, P.E.

Exhibit 1  
Legal Description of Real Property for Development

STATE OF ALABAMA     )  
                                  )  
\_\_\_\_\_ COUNTY     )

## Exhibit 2

### Legal Description of "Real Property" for Sewer System

### **Exhibit 3**

#### **Sewer System “Covenants to Run with the Land” for Development**

## **Exhibit 4**

### **Description of Mixed Development and Build-Out Schedule**

**Exhibit 5**  
**Tariff**  
**(Regulated Rules and Fees for Sewer System)**

## Exhibit 6

### Customer Sewer Service Agreement



**Exhibit 7**  
**Disclosure Schedule**

**COVENANTS OF CAHABA MANOR DEVELOPMENT  
RELATING TO ONSITE SEWER SYSTEM**

These Covenants of Cahaba Manor Development Relating to Onsite Sewer System (these "Covenants") are made this the 14<sup>th</sup> day of Sept., 2010, by Cahaba Manor, LLC ("Developer") with full authority over, and power to bind, the property referred to below as the "Development":

**WHEREAS**, Developer is the owner of certain real property (the "Development"), located in Jefferson County, Alabama, as evidenced by that certain deed, recorded at Book \_\_\_\_\_, Page \_\_\_\_\_, in the Office of the Judge of Probate of Jefferson County, Alabama; and *See Attached Deed for Legal Description.*

**WHEREAS**, Developer has requested, and the Jefferson County Health Department the Alabama Department of Environmental Management (ADEM), the Alabama Department of Public Health (ADPH) and the Alabama Public Service Commission (APSC) has approved, the construction, use and operation of an onsite sewer system (the "System") as contemplated by Section 22-25A-1 *et seq.* of the Alabama Code of 1975 (the "Act"); and

**WHEREAS**, approval of the System by ADEM, ADPH and the APSC is conditioned upon Developer and any subsequent owner of any portion of the Development, or any structure constructed thereon (whether single family residence, condominium, apartment building, commercial establishment, office building or other), including but not limited to any homeowners' association (HOA) which may be formed to coordinate the activities and assessments of individual lot owners who are connected to the System (collectively, whether the Developer, the HOA or any individual lot owner who is connected to the System, the "Owner"), agreeing to recognize and abide by these Covenants; and

**WHEREAS**, the Act, at Section 22-25B-6(f), and regulations promulgated pursuant thereto, require that any State-certified Wastewater Management Entity (the "Management Entity"), engaged to own and operate the System, must provide reasonable assurances to the APSC that such Management Entity will not sell, assign or otherwise divest itself of any part of the System, or of its responsibility to maintain and operate the System, without the express written consent of the APSC;

**NOW, THEREFORE**, the Developer, for and on behalf of itself and any subsequent Owner, does hereby sell, grant, assign and convey, as encumbrances on the Development, the following covenants and restrictions, all of which shall run with the land, and all of which shall be binding on and enforceable against all present and future Owners of the Development or any portion thereof:

1. Each Owner (including the Developer or HOA), by acceptance of a deed to a lot shown on the subdivision plat for the Development (a "Lot") or by acceptance of the responsibility to collect assessments from individual Lot owners for the payment of wastewater treatment charges, does hereby acknowledge and consent to, and agree to bound by, these Covenants, and does further acknowledge and agree that these Covenants will run with the land so as to be applicable to, and binding on, all Lots within the Development.

2. Each Owner (including the Developer), by acceptance of a deed to a Lot, acknowledges and agrees that the Subdivision, and each Lot therein, is dependent on the System for the collection and treatment of wastewater generated by or released from all structures located on Lots within the Subdivision. Each such Owner, therefore, agrees to be bound by, and subject to, all provisions of the Act, and any regulations promulgated pursuant thereto by the Alabama Department of Public Health ("ADPH"), and to abide by any and all orders with respect to the System which may be issued, from time to time, by ADPH, the Alabama Public Service Commission ("PSC"), the Alabama Department of Environmental Management ("ADEM"), the Jefferson County Health Department, and any and all other political subdivisions, agencies or departments exercising jurisdiction over the Subdivision and the System.

3. The Developer, or others on behalf or as assignees of the Developer (including, but not limited to, an HOA), has entered into a series of agreements with the Management Entity, all relating to the rules and regulations for the lawful and safe operation of the System. These agreements include, but are not limited to a Tariff, a Sewer Service Agreement and a Customer Sewer Service Agreement (collectively, the "Agreements; each, an "Agreement"). Copies of any and all of the Agreements are available for review, by any Owner, at the offices of the Developer (or of the HOA for the Development, if applicable), during normal business hours, Monday through Friday. Each Owner (including the Developer or an HOA), by acceptance of a deed to a Lot, or by acceptance of the responsibility to collect assessments from individual Lot owners for the payment of wastewater treatment charges, agrees to be bound by and to comply with each and every term of any Agreement which is applicable to such Owner and such Owner's Lot.

4. Each Owner (including the Developer or an HOA), by acceptance of a deed to a Lot, or by acceptance of the responsibility to collect assessments from individual Lot owners for the payment of wastewater treatment charges, acknowledges and agrees that the occupancy and use of such Owner's Lot, as well as other Lots within the Subdivision, may be restricted by the Act, and may obligate the Owner to special maintenance and reporting requirements.

5. Each Owner (including the Developer or an HOA), by acceptance of a deed to a Lot, or by acceptance of the responsibility to collect assessments from individual Lot owners for the payment of wastewater treatment charges, acknowledges and agrees that no repair, alteration or addition may be made to the System without prior



written approval of an engineer (P.E.) and the Jefferson County Health Officer, ADEM, ADPH and/or the APSC, with jurisdiction over the system.

6. These covenants shall run with the land and shall be binding on all present Owners (including the Developer or an HOA), and all future Owners of any Lots, as well as on all occupants of any structures built on any of the Lots, together with the property on which the System is constructed, and the System itself, including all mechanical and electrical facilities, pipes, valves, fittings, pumps, tanks and ponds comprising the System, and all easements of access and ingress to and from the System, and any utility easements related to or affiliated with the System.

**IN WITNESS WHEREOF**, the Developer, as the initial Owner within the Development, has caused these Covenants to be executed on the day and year first above written.

**DEVELOPER:**

Calaba Manor LLC

By: JZ H  
Its: Manager

STATE OF ALABAMA )

COUNTY OF Jefferson )

I, the undersigned, a Notary Public, in and for said County and State,  
hereby certify that John G. Hautman III whose name as  
Manager of Cahaba Manor LLC, an Alabama limited liability company  
is signed to the foregoing Covenants, and who is known to me, acknowledged before me  
on this day that, being informed of the contents of the Covenants, s/he, as such  
Manager and with full authority, executed the same for and as the act of  
said Cahaba Manor LLC.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this the  
13<sup>th</sup> day of September 2010.

Carla M. Kelly  
NOTARY PUBLIC  
My Commission Expires: 3/23/11

### Exhibit 3

#### Sewer System Covenants for Developer

The following covenants shall be included in any Covenants, Conditions and Restrictions (CCRs) or similar document recorded for the Development being developed by Developer **and/or** shall be separately drafted, executed and recorded by the Developer, in the Office of the Probate Judge of the County in which the Development is located. In either or both events, the recorded Covenants, as set forth on Exhibit A attached hereto, shall be made a part of the public record prior to the Developer's sale or other conveyance of any of the Lots within the Development to any builders or other third parties

See attached Exhibit A.

20100914001013610 7/7  
Bk: LR201007 Pg: 23972  
Jefferson County, Alabama  
09/14/2010 10:16:42 AM D  
Fee - \$23.00  
Deed Tax - \$1.00  
Total of Fees and Taxes - \$24.00  
HATCHERK



This instrument prepared by:  
JOHN L. HARTMAN, III  
P. O. Box 846  
Birmingham, AL 35201

Send Tax Notice To:

STATUTORY WARRANTY DEED



STATE OF ALABAMA )

JEFFERSON COUNTY )

KNOW ALL MEN BY THESE PRESENTS:

That in consideration of the sum of Ten and no/100 (\$10.00) Dollars to the undersigned Grantor, in hand paid by the Grantee herein, the receipt whereof is acknowledged, the undersigned CAHABA MANOR, LLC, an Alabama limited liability company (herein referred to as Grantor, whether one or more), grants, bargains, sells and conveys unto SOUTHWEST WATER ALABAMA ONSITE SYSTEM SERVICES, LLC, a certified Onsite Management Entity, as that term is defined and used in Ala. Code (1975) §22-25A-1 et seq., as the same may be amended from time to time hereafter (herein referred to as Grantee), the following described real estate, situated in Jefferson County, Alabama, to-wit:

Parcel 1

A parcel of land situated in the SW ¼ of the NE ¼ of Section 31, Township 16 South, Range 1 East, more particularly described as follows:

BEGIN at a 3" capped pipe being the SW corner of the SW ¼ of the NE ¼ of Section 31, Township 16 South, Range 1 East; thence N 0°04'18" W along the western boundary of said ¼-¼ section a distance of 410.76 feet to an iron pin capped EDG, said point being on the southerly right of way line of proposed Poston Drive; thence S 89°50'05" E a distance of 36.53 feet along said right of way to an iron pin capped EDG and the NW corner of proposed Lot 34 of the Cahaba Manor Subdivision; thence S 0°09'55" W leaving said right of way and along the western boundary of proposed lot 34 a distance of 177.00 feet to an iron pin capped EDG and the SW corner of proposed lot 34; thence S 89°50'05" E along the southern boundary of proposed lots 34-31 a distance of 315.95 feet to the NW corner of proposed lot 28 an iron pin capped EDG; thence S 22°18'15" W along westerly boundary of proposed lots 28-26 a distance of 241.25 feet to an iron pin capped EDG and the corner of proposed lots 26 & 25; thence S 72°55'21" W along the northwestern boundary of proposed lot 25 a distance of 24.27 feet to an iron pin capped EDG and the corner of proposed lots 25 & 24; thence S 89°24'48" W along the northern boundary of lots 24-22 a distance of 236.71 feet to a 3" capped pipe and the POINT OF BEGINNING.

The above described parcel contains ±1.77 acres.

Parcel 2

A parcel of land situated in the SW ¼ of the NE ¼ of Section 31, Township 16 South, Range 1 East, more particularly described as follows:

BEGIN at a 1" open top pipe being the NW corner of the SW ¼ of the NE ¼ of Section 31, Township 16 South, Range 1 East and the SW corner of Lot 18 of the Trussville Hills First Addition Subdivision, as recorded in Map Book 197 Page 77 in the office of the Judge of Probate, Jefferson County Alabama, Birmingham Division; thence N 88°52'01" E along the southern boundary of said lot 18 a distance of 145.93 feet to an iron pin capped LDW, said point being the SE corner of said lot 18 and the intersection with the southwesterly right of way of Old Roper Road; thence S 43°19'55" E along said right of way a distance of 217.41 feet to an iron pin capped EDG and the PC of a curve to the left, said curve having a radius of 200.00 feet, the chord of which bears S 68°08'29" E for a distance of 167.84 feet; thence 173.20 feet along the arc of said curve and the right of way of said road to an iron pin capped EDG, said point being the NW corner of proposed Lot 46 of the Cahaba Manor Subdivision; thence S 0°01'27" W leaving said right of way and along the western boundary of proposed lots 46-41 a distance of 501.68 feet to an iron pin capped EDG and the corner of proposed lots 41 & 39; thence N 89°50'05" W along the northern boundary of proposed lots 39-35 a distance of 449.76 feet an iron pin at the NW corner of proposed lot 35, said point also being on the western boundary line of the SW ¼ of the NE ¼ of Section 31, Township 16 South, Range 1 East; thence N 0°04'18" W along the western boundary line of said ¼-¼ section a distance of 718.13 feet to a 1" open top pipe and the POINT OF BEGINNING.

The above described parcel contains ±6.46 acres.

SUBJECT TO: (1) Current taxes; (2) All easements, restrictions and reservations of record.

TO HAVE AND TO HOLD, the tract or parcel of land above described, together with all and singular the rights, privileges, tenements, appurtenances, and improvements unto the said Grantee, its successors and assigns forever. *Provided, however, the property, and any and all interests therein, may not be sold, re-sold, assigned, conveyed or otherwise divested from the Grantee without the prior written consent of the Alabama Department of Public Health.*

IN WITNESS WHEREOF, the said Grantor, by and through its duly authorized officer, has hereunto set its hand and seal this the 13<sup>th</sup> day of September, 2010.

CAHABA MANOR, LLC

BY: J L Hartman (Seal)  
Manager

STATE OF ALABAMA )

JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that John L. Hartman, III, whose name as Managing Member of CAHABA MANOR, LLC, an Alabama limited liability company, is signed to the foregoing conveyance and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 13<sup>th</sup> day of September, 2010

My Commission Expires:  
03/23/2011

Carla M Hill  
Notary Public