



LOUDON UTILITIES

P.O. BOX 69

LOUDON, TENNESSEE 37774

NOTICE OF ELECTRONIC MEETING ACCESS & INFORMATION

To ensure government operations continue to function openly and transparently during the COVID-19 emergency while taking measures to protect the health and safety of citizens and government officials, Governor Bill Lee issued Executive Order No. 16 on March 20, 2020 allowing governing bodies to conduct essential business by electronic means. A link to the Electronic Meeting Access & Information is available online at:

WWW.LOUDONUTILITIES.ORG

Join the Zoom Meeting using our computer, tablet, iPad, and/or smartphone:

<https://loudonutilities.zoom.us/j/6429958536?pwd=WVRYQzEyaXc1c0lrUUhjWkVTYWZjdz09>

Meeting ID: 642 995 8536

Password: LoudonTN

One tap mobile

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Meeting ID: 642 995 8536

All participants will be muted upon entry to the Zoom Room.

During the appropriate times, the moderator will unmute any participant who would like to speak.

If you have questions or requests for special accommodations, please contact us at 865-458-2091.



LOUDON UTILITIES

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LOUDON, TENNESSEE 37774

A G E N D A

LOUDON UTILITY BOARD WORKSHOP

June 8, 2020

4:30 PM

1. Recognition of Visitors
2. Draft TVPOA Contract
3. Electrical Rate Schedule
4. Financial Reports
5. Fiscal Year 2020-2021 Budget
6. Operations Center Proposed Improvements
7. Salary Schedule
8. Safety Report
9. Natural Gas Rate
10. Other



LOUDON UTILITIES

P.O. BOX 69

LOUDON, TENNESSEE 37774

To: Chairman Campbell and Board Members

From: Ty Ross

Subject: June Workshop Items

Date: June 5, 2020

The following items appear on our agenda for the June 8, 2020 Workshop meeting of the Board of Directors of Loudon Utilities:

1. Recognition of Visitors.
2. Draft TVPOA Contract. Included in this packet is a draft of our proposed agreement to deliver water to Tellico Village. The document is still in draft format because talks are ongoing while we gather necessary data via computer modeling at our delivery points. This month we are doing the math to verify that we fulfill each and every service requirement contained in the agreement. It is our intent to complete these models and verify this data before our regular meeting on the 22nd of this month.



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3. Electrical Rate Schedule. The following chart shows our recommended REVENUE NEUTRAL electric rates adjustments. These would take effect October 1, 2020. These are a continuation of a shared Tennessee Valley-wide trend which incrementally shifts a portion of our overall electric bill from variable to fixed. You will recall the economic forecast and rate overview from Chris Mitchell last month. This rate recommendation is based, in no small part, on his expert advice.

	Customer Charge Increases	Decrease of kWh Rate by:
Residential	\$2.00	\$0.00155
GSA 1	2.00	0.00185
GSA 2	5.00	0.00039 block 1
GSA 3	30.00	0.00004

4. Financial Reports. April Financial Reports will be presented.
5. Fiscal Year 2020-2021 Budget. With your approval of the changes to water rates consisting of phased increases targeting 85% cost of service contribution for each water rate class after three years as well our approved transfer of Gas Funds to the Water Department for specific capital improvement water projects, the “heavy lifting” of this year’s budget is largely complete. All that remains is our annual approval of the personnel pay schedule and the budget in total. Please know we are recommending a static payroll budget in response to the uncertainty that continues to surround the pandemic. While there is no cost of living adjustment we have budgeted a marked increase of \$394,320 in employer contribution to the LUB portion of our health benefit fund. The only remaining budget highlight is the update to our 5-year list of capital expenditures which includes recommended improvements our Operations Center. We haven’t discussed Ops Center improvements together which is why we have highlighted those particular improvements as a separate topic for discussion at our Workshop.



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6. Operations Center Proposed Improvements. At this Workshop we will provide an overview of the needed improvements to the Operations Center by breaking them down into the following categories:

- Roofing
- Warehousing & Storage
- Parking
- Office

7. Salary Schedule. We do recommend amendments to our personnel schedule that you review and approve annually. Those amendments are detailed below and we will provide an overview of these amendments at our Workshop.

Gas, Water, and Sewer Department

Delete position: Assistant Environmental Engineer-GWS

Add position: Environmental Engineer-GWS (1)

First 6 months \$1,660.62 per week

After 6 months 1,735.93 per week

After 1 year 1,815.00 per week

After 2 years 1,897.46 per week

Electric Department

Add position: Supervisor of Field Operations-Electric (1)

First 6 months \$1,530.37 per week

After 6 months 1,598.88 per week

After 1 year 1,671.19 per week

After 2 years 1,746.50 per week

8. Safety Report. There were no reportable injuries for May.
9. Natural Gas Rate. The natural gas rate has not been received as yet.



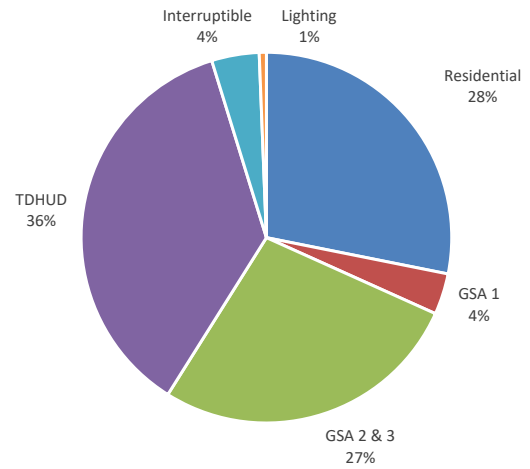
Electric System Forecast

Published June 5, 2020

Our electric system delivers over 581 Million kilowatt hours of electricity to more than 12,000 homes, business, and industry each year.

Revenue estimates are projected to remain flat for the upcoming year with minimal growth in the forecast. Wholesale costs are projected to remain at 84.75% of rate revenues.

Current and future capital expenditures totaling \$9.7 are scheduled for completion thru FYE 2027. Projects include upgrades to substations and transmission lines.



	FYE 2018	FYE 2019	Budget FYE 2020	Projected FYE 2020	Proposed FYE 2021	Forecast FYE 2022	Forecast FYE 2023	Forecast FYE 2024
Revenues								
Rate Based Revenues	49,850,600	49,546,600	49,541,900	47,803,200	47,803,200	47,803,200	47,803,200	47,803,200
Other Revenues	715,900	643,300	628,400	702,800	702,800	702,800	702,800	702,800
Total Revenues	50,566,500	50,189,900	50,170,300	48,506,000	48,506,000	48,506,000	48,506,000	48,506,000
Expenditures								
Wholesale Costs	42,596,300	42,667,900	42,627,800	40,514,600	40,514,600	40,514,600	40,514,600	40,514,600
% of Rate Revenue	85.45%	86.12%	86.04%	84.75%	84.75%	84.75%	84.75%	84.75%
Operating Costs								
Payroll	1,742,590	2,001,651	2,210,200	1,812,700	1,890,700	1,928,514	1,967,084	2,006,426
Overtime	73,110	108,749	-	198,000	120,000	120,000	120,000	120,000
Benefits	463,800	431,000	506,600	473,000	613,000	655,910	701,824	750,951
Other	2,498,800	2,189,500	2,338,800	2,049,900	2,049,900	2,090,898	2,132,716	2,175,370
Total Operating Costs	4,778,300	4,730,900	5,055,600	4,533,600	4,673,600	4,795,322	4,921,624	5,052,748
Non-Operating Costs								
Depreciation	1,376,800	1,405,400	1,398,200	1,805,400	1,878,500	1,958,900	1,996,150	2,020,025
Interest	-	-	-	-	-	-	-	-
Taxes	672,000	672,000	672,000	672,000	672,000	672,000	672,000	672,000
Total Non-Operating Costs	2,048,800	2,077,400	2,070,200	2,477,400	2,550,500	2,630,900	2,668,150	2,692,025
Total Expenditures	49,423,400	49,476,200	49,753,600	47,525,600	47,738,700	47,940,822	48,104,374	48,259,373
Net Revenues	1,143,100	713,700	416,700	980,400	767,300	565,178	401,626	246,627
Debt Service								
Existing Debt Balances								
Principal								
Interest								
New Debt Balances								
Principal								
Interest								
Total Debt Service	-	-	-	-	-	-	-	-
Debt Service Ratio								
Cash								
TVA Power Bill Res	3,549,692	3,555,658		3,376,217	3,376,217	3,376,217	3,376,217	3,376,217
Customer Deposits	540,880	590,735		635,360	635,360	635,360	635,360	635,360
Operating Reserve	796,383.33	788,483.33		755,600.00	778,933.33	799,220.33	820,270.66	842,124.60
Available for CIP	4,727,275	3,826,893		2,887,634	3,073,428	2,897,219	3,783,944	5,073,743
Grant Proceeds								
Debt Issuance								
Total Cash	9,614,230	8,761,769		7,654,811	7,863,938	7,708,016	8,615,792	9,927,444
Capital Investment	3,103,864	3,541,912		3,892,759	2,436,673	2,680,000	1,490,000	955,000



Gas System Forecast

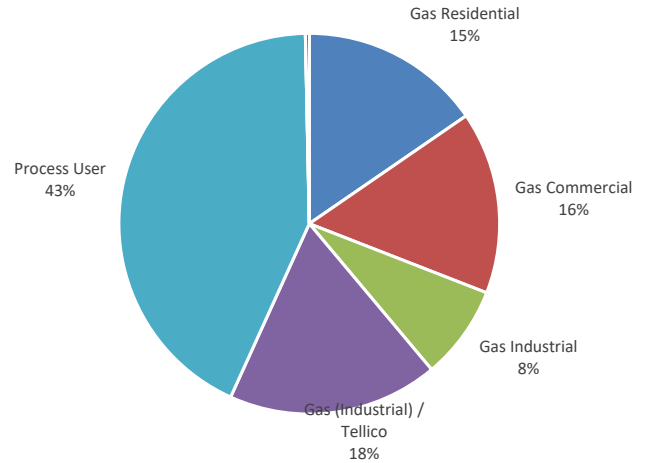
Published June 5, 2020

Our natural gas system will provide more than 990 million cubic feet of natural gas to 4,600 homes and businesses in Loudon and Monroe Counties.

For fiscal year 2021, Wholesale Costs are expected to remain at 48% of total revenues. Operating costs are expected to remain flat.

Due to overlapping customer base, we have obtained approval from the State of Tennessee Comptroller's office to provide a grant totaling \$10M to aid the water department with capital projects.

A total of \$8M has been identified as capital projects for the next 5 years.



	FYE 2018	FYE 2019	Budget FYE 2020	Projected FYE 2020	Proposed FYE 2021	Forecast FYE 2022	Forecast FYE 2023	Forecast FYE 2024
Revenues								
Rate Based Revenues	9,281,300	9,143,800	8,848,500	6,552,100	6,552,100	6,552,100	6,552,100	6,552,100
Transportation Revenues	410,800	601,100	494,200	602,800	602,800	602,800	602,800	602,800
Other Revenues	254,700	947,400	82,000	311,500	211,500	111,500	75,000	75,000
Total Revenues	9,946,800	10,692,300	9,424,700	7,466,400	7,366,400	7,266,400	7,229,900	7,229,900
Expenditures								
Wholesale Costs	5,165,800	5,035,700	5,165,000	3,821,600	2,948,400	2,948,400	2,948,400	2,948,400
% of Rate Revenue	44%	45%	42%	42%	45%	45%	45%	45%
Operating Costs								
Payroll	915,300	893,900	971,400	777,800	953,400	935,400	917,400	899,400
Overtime	27,800	36,900	39,100	39,100	18,000	18,000	18,000	18,000
Benefits	364,800	358,500	371,000	314,200	443,000	515,000	587,000	659,000
Other	786,400	842,900	865,200	891,400	891,400	909,228	927,413	945,961
Total Operating Costs	2,094,300	2,132,200	2,246,700	2,022,500	2,305,800	2,377,628	2,449,813	2,522,361
Non-Operating Costs								
Depreciation	549,200	591,500	710,800	730,900	868,880	943,880	1,018,880	1,078,880
Taxes	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000
Total Non-Operating Costs	873,200	915,500	1,034,800	1,054,900	1,192,880	1,267,880	1,342,880	1,402,880
Total Expenditures	8,133,300	8,083,400	8,446,500	6,899,000	6,447,080	6,593,908	6,741,093	6,873,641
Net Revenues	1,813,500	2,608,900	978,200.00	567,400	919,320	672,492	488,807	356,259
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-	-	-
Debt Service Ratio	-	-	-	-	-	-	-	-
Cash								
Debt Reserves	-	-	-	-	-	-	-	-
Facility Reserve	-	-	-	-	-	-	-	-
Operating Reserve	2,418,300	2,456,200	2,570,700	2,346,500	2,629,800	2,701,628	2,773,813	2,846,361
Available for CIP	15,428,194	17,858,855	19,433,355	19,324,094	8,328,994	9,873,538	11,309,041	12,671,632
Grant Distribution	-	-	-	-	(10,000,000)	-	-	-
Total Cash	17,846,494	20,315,055	22,004,055	21,670,594	10,958,794	12,575,166	14,082,854	15,517,993
Capital Investment	2,196,102	4,026,148	-	1,631,761	2,500,000	2,500,000	2,000,000	1,000,000



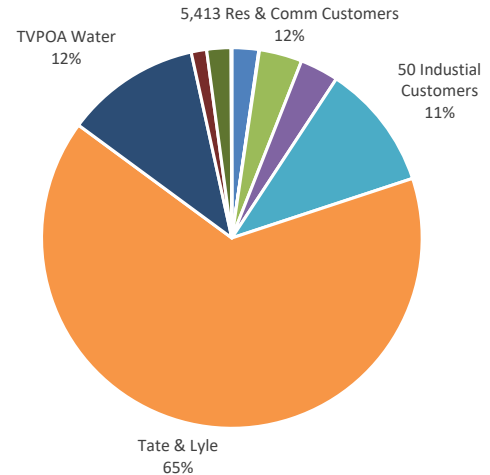
Water System Forecast

Published June 5, 2020

Our water system produces over 3 Billion gallons of water each year and serves more than 5,400 homes and businesses in Loudon County.

Revenue estimates include rate adjustments as recommended by the most recent Cost of Services Study, including underrecovered Wholesale and Residential Inside customer classes.

Capital expenditures exceeding \$20M are scheduled for completion within the next 3-5 years. Major projects include updates and expansion of water filtration systems and force main replacement. Grants totaling \$12.5M have been secured to minimize necessary rate adjustments.



	FYE 2018	FYE 2019	Budget FYE 2020	Projected FYE 2020	Proposed FYE 2021	Forecast FYE 2022	Forecast FYE 2023	Forecast FYE 2024
Revenues								
Rate Based Revenues	7,040,177	7,242,378	7,326,180	7,450,655	7,673,012	7,806,325	7,956,346	8,123,215
Other Revenues	1,628	2,525	1,977	29,225	5,000	5,000	5,000	5,000
Total Revenues	7,041,805	7,244,903	7,328,157	7,479,879	7,678,012	7,811,325	7,961,346	8,128,215
Expenditures								
Operating Costs								
Payroll	1,389,544	1,375,381	1,453,165	1,360,666	1,453,165	1,482,228	1,511,873	1,542,110
Overtime	130,388	144,055	172,059	172,059	86,030	86,030	86,030	86,030
Benefits	390,266	443,522	398,991	489,559	493,991	528,571	565,571	605,160
Other	2,325,546	2,643,142	2,628,819	2,592,637	2,592,637	2,644,490	2,697,379	2,751,327
Total Operating Costs	4,235,744	4,606,099	4,653,035	4,614,922	4,625,823	4,741,318	4,860,852	4,984,627
Non-Operating Costs								
Depreciation	1,074,873	1,091,834	1,170,117	1,169,655	1,265,215	1,565,215	1,690,215	1,715,215
Interest	546,199	443,428	419,464	504,865	481,721	443,271	402,622	366,342
Taxes	218,959	218,959	218,959	218,979	218,979	218,979	218,979	218,979
Total Non-Operating Costs	1,840,032	1,754,221	1,808,541	1,893,499	1,965,915	2,227,465	2,311,816	2,300,536
Total Expenditures	6,075,775	6,360,320	6,461,575	6,508,420	6,591,737	6,968,783	7,172,668	7,285,163
Net Revenues	964,402	882,058	864,605	942,234	1,081,275	837,542	783,678	838,052
Debt Service								
Existing Debt Balances								
Principal	16,848,782	15,279,711		14,018,453	12,774,801	11,497,886	10,180,769	9,143,144
Interest	1,569,071	1,227,303		1,261,258	1,243,652	1,276,915	1,317,117	1,037,625
	546,199	443,428		504,865	481,721	443,271	402,622	366,342
New Debt Balances								
Principal					6,500,000	6,340,217	6,099,337	5,858,457
Interest					159,783	240,880	240,880	240,880
					128,607	191,705	191,705	191,705
Total Debt Service	2,115,270	1,670,731		1,766,123	2,013,763	2,152,771	2,152,324	1,836,552
Debt Service Ratio	1.22	1.45		1.48	1.40	1.32	1.34	1.59
Cash								
Debt Reserves	1,324,694	1,324,694		1,766,123	2,013,763	2,152,771	2,152,324	1,836,552
Facility Reserve	399,234	446,860		489,344	489,344	489,344	489,344	489,344
Operating Reserve	1,411,915	1,535,366		1,538,307	1,541,941	1,580,439	1,620,284	1,661,542
Available for CIP	194,453	744,757		(6,481)	14,561,693	5,082,444	772,237	1,134,808
Grant Proceeds					12,500,000			
Debt Issuance					6,500,000			
Total Cash	3,330,295	4,051,677		3,787,293	18,606,741	9,304,998	5,034,189	5,122,246
Capital Investment	686,725	965,567		1,144,239	5,000,000	10,000,000	5,000,000	1,000,000

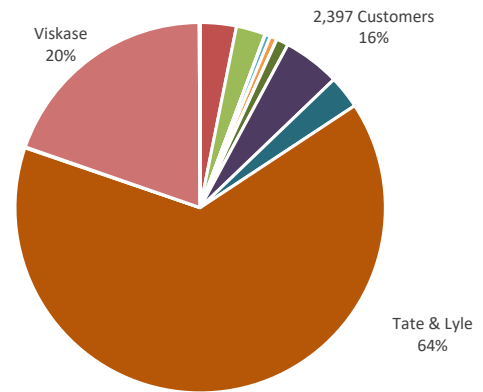


Wastewater System Forecast

Published June 5, 2020

Our Wastewater system cleans over 2.8 Billion gallons of water each year. It serves more than 2,600 homes, businesses, and industry.

Capital expenditures estimated at \$1.827M are scheduled for FYE 2021 and include: upgrade Low Volume pump station, the sodium hypochlorite feed system at the WWTP, and SCADA system.



	FYE 2018	FYE 2019	Budget FYE 2020	Projected FYE 2020	Proposed FYE 2021	Forecast FYE 2022	Forecast FYE 2023	Forecast FYE 2024
Revenues								
Rate Based Revenues	5,530,378	5,791,909	5,862,458	5,892,648	5,892,648	5,892,648	5,892,648	5,892,648
Other Revenues	101,667	127,610	128,022	153,555	125,000	125,000	125,000	125,000
Total Revenues	5,632,045	5,919,519	5,990,480	6,046,203	6,017,648	6,017,648	6,017,648	6,017,648
Expenditures								
Operating Costs								
Payroll	481,845	522,764	558,236	532,529	558,236	569,401	580,789	592,405
Overtime	149,565	146,388	152,406	152,406	75,000	75,000	75,000	75,000
Benefits	474,126	458,242	492,052	493,288	580,052	620,656	664,102	710,589
Other	2,163,094	2,191,286	2,302,705	2,207,985	2,302,705	2,348,759	2,395,734	2,443,649
Total Operating Costs	3,268,630	3,318,679	3,505,399	3,386,207	3,515,993	3,613,816	3,715,625	3,821,643
Non-Operating Costs								
Depreciation	651,187	835,564	805,927	807,105	750,908	805,718	805,718	805,718
Interest	190,685	245,169	222,298	295,288	328,204	297,625	266,136	233,730
Taxes	203,700	203,700	203,700	203,700	203,700	203,700	203,700	203,700
Total Non-Operating Costs	1,045,573	1,284,432	1,231,924	1,306,093	1,282,812	1,307,043	1,275,554	1,243,148
Total Expenditures	4,314,203	4,603,112	4,737,323	4,692,300	4,798,805	4,920,859	4,991,179	5,064,791
Net Revenues	1,216,175	1,188,797	1,125,135	1,200,348	1,093,843	971,789	901,469	827,857
Debt Service								
Existing Debt Balances								
Principal	9,079,207	10,173,416		9,145,584	8,088,044	6,999,925	5,880,316	4,728,301
Interest	1,317,335	810,562		1,027,832	1,057,540	1,088,119	1,119,609	1,152,015
	190,685	245,169		295,288	328,204	297,625	266,136	233,730
New Debt Balances								
Principal		1,904,771						
Interest								
Total Debt Service	1,508,020	1,055,731		1,323,120	1,385,744	1,385,744	1,385,745	1,385,745
Debt Service Ratio	1.36	2.15		1.74	1.57	1.50	1.42	1.35
Cash								
Debt Reserves	1,508,020	1,055,731		1,323,120	1,385,744	1,385,744	1,385,745	1,385,745
Facility Reserve	340,251	1,592,374		1,661,874	761,874	761,874	761,874	761,874
Operating Reserve	1,157,443	1,174,126		1,196,636	1,239,898	1,272,505	1,306,442	1,341,781
Available for CIP	(505,588)	788,376		776,029	655,354	1,437,135	2,115,775	2,686,997
Debt Issuance								
Total Cash	2,500,127	4,610,606		4,957,659	4,042,870	4,857,258	5,569,836	6,176,397
Capital Investment	2,093,687	899,131		786,123	1,827,000			

WHOLESALE WATER SUPPLY AGREEMENT

This Wholesale Water Supply Agreement (“Agreement”) between the LOUDON UTILITIES BOARD (“the Utility,”) and WHOLESALE CUSTOMER (“the Customer,”) (individually a “Party” and collectively the “Parties”) for the purposes set forth herein.

WHEREAS, the Utility and the Customer are each authorized under the law of the State of Tennessee to supply potable water to their retail customers and to enter into wholesale contract for the purchase and sale of wholesale water supply; and

WHEREAS, the Utility and the Customer desire to enter into an agreement wherein the Utility sells wholesale water to the Customer at a wholesale water rate that will adequately compensate the Utility of those current and future costs attributable to supplying wholesale water to the Customer;

NOW, THEREFORE, The Utility and the Customer agree as follows:

1. WATER SUPPLY

The Utility agrees to sell to the Customer and the Customer agrees to purchase from the Utility at least 327,000,000 gallons of water per year according to the terms and conditions of this Agreement. The water shall be delivered to four Master Meters. The Utility shall be the Customer’s primary source of water; provided that the Customer may use any existing alternate source connections and re-use water as sources of water supply. The water supply shall meet a minimum service requirement of [TO BE INSERTED FOLLOWING MODEL COMPLETION]

2. RATE

Beginning on July 1, 2020, the rate per 1,000 gallons of water shall be \$1.66.

Beginning on January 1, 2021, the rate per 1,000 gallons of water shall be \$1.83.

Beginning on January 1, 2022, the rate per 1,000 gallons of water shall be \$2.00.

Beginning on January 1, 2023, the rate per 1,000 gallons of water shall be \$2.17.

Beginning on January 1, 2024, the rate per 1,000 gallons of water shall be set based on the most recent cost of services study as percentage of recovery equal to the percentage of recovery for residential customers within the City of Loudon. The cost of services study shall be developed in accordance with AWWA M1 Manual protocol to evaluate and allocate cost components per customer class.

3. MASTER METER

All water delivered by the Utility to Customer shall be measured by a Master Meter at four points of delivery: Ritchey Road; Maple Hill Road; Little Valley Road; and Poplar Springs Road. All Master Meters, including vaults and appurtenances, will be owned, maintained, repaired, replaced and upgraded by the Utility and the cost thereof included in the Wholesale Water Cost. The Utility shall own all facilities from the connection to the Utility pipeline to the upstream flange of the valve downstream of the Master Meter. The cost of a new Master Meter requested by the Customer, including appurtenances and installation, shall be paid by the Customer. Relocation of a Master Meter necessitated by the Customer shall be paid by the Customer.

The Utility shall establish standards for Master Meters, including appurtenances and access to flow data. Access to the Master Meter and the flow records shall be made available to the customer upon request. The Master Meter shall be checked by the Utility on a schedule and for accuracy per the manufacturer's recommendation and the cost thereof included in the Wholesale Water Cost. Either the Utility or the Customer may request additional tests. The costs of additional tests shall borne equally, if both Parties agree to the test; otherwise, by the Party requesting the test, unless the meter is not performing with the manufacturer's specification, whereupon the benefited Party shall pay for the test.

4. BILLING & PAYMENT

The Utility shall bill the customer for water supplied under this Agreement on regular monthly intervals.

The Master Meters shall be read and recorded on or about the last normal work day of the month in which the service was furnished. Billing to the Customer shall be made by the 5th day of the month following, and payment to the Utility is due by the 20th day of

the month in which the statement is received. If any payment or portion thereof due the Utility shall remain unpaid after the due date, the Customer shall be charged with and pay to the Utility a penalty of five-percent (5%) on the statement amount per month.

If any of or all of a bill is in dispute, the Customer shall pay the amount as billed and both the Utility and the Customer shall agree to the time line to resolve the disputed amount.

The Customer shall collect a Water Facility Charge for all new connections made to the Customer's system. The Customer shall pay to Utility the Water Facilities Charges by the 30th of each month for the connections made by Customer during the previous month. The Water Facility Charge shall be the same as the Water Facility Charge established by Utility for connections to the Utility's system.

5. TERM & EXPIRATION

(1) The term of this Agreement shall be from its effective date until July 1, 2040. The Parties may renew this Agreement by mutual written agreement upon such terms and conditions as the Parties may later agree.

(2) If the Customer shall cease to take water from the Utility without the Utility's consent, the Customer shall remain liable for its proportionate share of the then existing wholesale bonded indebtedness issued before January 1, 2040, as may at that time be determined including credits for certain payments and recognition given to the growth experienced in the Customer, Utility, and all other Wholesale Customers. This liability shall continue only until such time as all or part of the water supply no longer taken by the Customer from the Utility is sold by the Utility to another party. In that event, liability shall be reallocated, in whole or in part, to the new customer.

(3) If the Utility shall cease to supply water to the Customer without the Customer's consent, the Customer shall cease to be liable for its proportionate share of the wholesale bonded indebtedness as described in Subsection 2 above.

6. FORCE MAJEURE AND CHANGES IN LAW

Neither Party hereto shall be considered to be in default in respect to any obligations hereunder if prevented from fulfilling such obligations due to conditions beyond their reasonable control or due to changes in state or federal law. If a Party is unable to perform in whole or in part because of such condition or change in the law, the

Party shall diligently and promptly take reasonable steps to allow it to perform. The Parties expressly acknowledge and agree that the inability or preclusion of the Loudon Utilities Board to perform, in whole or material part, caused by an order or directive of governmental authority or a court with jurisdiction shall constitute a force majeure or change in law event hereunder.

7. GOVERNING LAW AND VENUE

This Agreement shall be governed by and construed in accordance with the laws of the state of Tennessee. Any lawsuit or judicial action or proceeding arising out of or relating to this Agreement that could not be resolved through dispute resolution, shall be heard in the Circuit or Chancery Court of the State of Tennessee in and for Loudon County.

8. LIMITATION ON DAMAGES

Notwithstanding any other provision of this Agreement, neither the Utility nor the Customer shall be liable to the other under or pursuant to this Agreement for indirect, incidental, special, exemplary, punitive, or consequential damages, including but not limited to damages for lost profits, revenues or benefits, loss of property use, the cost of capital, or the cost of purchased or replacement water.

9. GENERAL PROVISIONS

(1) **Waiver:** A waiver by either Party of any terms or conditions of this Agreement shall not be deemed or construed to be a waiver of any other term or condition, nor shall the waiver of any breach be deemed or construed to constitute a waiver of any subsequent breach, whether of the same or any other term or condition of this Agreement.

(2) **Assignment:** Except where one of the Parties merges, consolidates or combines with another entity neither this Agreement nor any of the rights, interests or obligations created hereunder may be assigned by either Party without the written consent of the other Party. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective Parties.

(3) **Notices:** Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by electronic transmission in the form of email or facsimile, or

(d) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and such notices shall be addressed as follows:

To the Utility:

**Ty Ross
Loudon Utilities Board
PO Box 189
Loudon, TN 37774**

To the Wholesale Customer:

**General Manager
112 Choto Center
Loudon, TN 37774**

or to such other address designated in writing by the addressee.

(4) Entirety: All prior negotiations and agreements between the parties hereto relating to the subject matter hereof are merged into and superseded by this Agreement, which shall constitute the entire agreement between the Customer and the Utility concerning the sale of water to the Customer.

(5) Authority: Each Party represents and warrants that it has the power and legal authority to enter into this Agreement. The individual(s) executing this Agreement on behalf of the respective Party represents and warrants that such individual has the power and authority to do so.

(6) Effective Date: This Agreement shall become effective (“Effective Date”) upon execution and the existing contract for wholesale water supply between the Parties dated the 1st day of August, 2002 shall be mutually terminated.

(7) Attorney’s Fees and Costs: In the event that either Party commences any legal action or proceeding relating to the provisions or enforcement of this Agreement, the prevailing party shall be entitled to receive, and the non-prevailing party shall pay, its reasonable attorneys’ fees and costs, including those incurred in any appeal.

(8) Exhibits Incorporated by Reference: Any exhibits attached to this Agreement are fully incorporated herein by this reference.

(9) Titles to sections and subsections in this Agreement are for reference purposes only and shall have no substantive effect.

(10) In the event of a material breach or default of this Agreement by either of the Parties, the Parties acknowledge that it may be difficult to measure the resulting damages and that monetary damages may not provide a complete or adequate remedy. Accordingly, the non-defaulting Party, in addition to damages and any other relief sought or recovered, shall be entitled to seek injunctive relief and the specific performance of the terms and conditions of this Agreement.

(11) If any term, condition or provision of this Agreement is determined to be void, unenforceable or limited in its application or effect in a legal proceeding, such determination shall not affect any other provisions in this Agreement and all other provisions shall remain in full force and effect.

IN WITNESS WHEREOF this Wholesale Water Supply Agreement has been duly executed by the parties hereto as of the day and year first above written.

WHOLESALE CUSTOMER

By: _____
Chairman

ATTEST:

Secretary

LOUDON UTILITIES BOARD

By: _____
Chairman

ATTEST:

Secretary