

**PARTICIPATION AGREEMENT
FOR
SOUTHEAST DEVELOPMENT AREA**

THIS AGREEMENT is entered into by and between, _____, hereinafter known as "DEVELOPER," and The Metropolitan Government of Nashville and Davidson County acting through the Metropolitan Department of Water and Sewerage Services, hereinafter known as "METRO."

WHEREAS, DEVELOPER has expressed a desire to construct on an unimproved parcel or add and/or modify use on a currently improved parcel in the southeast portion of METRO's water service area, hereinafter, "DEVELOPER'S DEVELOPMENT," and,

WHEREAS, METRO recognizes through requests for service availability that, in addition to DEVELOPER'S DEVELOPMENT, there is a tremendous amount of growth planned by private development in the southeast portion (see Exhibit A, attached) of the Metro Water Services' water service area (collectively with DEVELOPER'S DEVELOPMENT, the "SOUTHEAST DEVELOPMENT AREA"), which was not anticipated to occur at its current rate of time; and,

WHEREAS, METRO has currently identified 5 phases of water capital capacity improvements projects (see Exhibit B, attached) totaling approximately \$22.9 million needed to support the growth from both a domestic and fire protection demand in the SOUTHEAST DEVELOPMENT (the "SOUTHEAST DEVELOPMENT IMPROVEMENTS"); and,

WHEREAS, the SOUTHEAST DEVELOPMENT IMPROVEMENTS are estimated to be \$22.9 million and will provide capacity for an additional 8.0 million gallons per day or an equivalent 22,857 units of flow (a unit of flow being 350 gallons per day).

WHEREAS, MWS has established a Development Area Participation Agreement Recovery Charge ("DAPARC") for the SOUTHEAST DEVELOPMENT AREA. Funds generated through this charge will be used exclusively by MWS for the recuperation of MWS' expenditures for constructing the water infrastructure improvements in this water service area; and,

WHEREAS, the developer's pro-rated share of the cost of the SOUTHEAST DEVELOPMENT IMPROVEMENTS per unit of flow added, as is needed, for the SOUTHEAST DEVELOPMENT AREA, is \$22.9 million / 22,857 units or \$1,000 per unit of flow, the DAPARC, which is in addition to other applicable fees; and,

WHEREAS, as \$22.9 million is an estimate of the costs associated with the SOUTHEAST DEVELOPMENT IMPROVEMENTS, if the cost exceeds the estimated figure, METRO will continue to collect the DAPARC until METRO's financial obligation related to this project is met; and,

WHEREAS, it is deemed beneficial to both the parties, and the citizens of Nashville and Davidson County to allow for SOUTHEAST DEVELOPMENT IMPROVEMENTS, with contribution from DEVELOPER of DEVELOPER'S DAPARC, to be calculated in accordance with Exhibit C, attached.

NOW, THEREFORE, DEVELOPER AND METRO AGREE AS FOLLOWS:

DEVELOPER agrees to participate in the improvement costs associated with the SOUTHEAST DEVELOPMENT IMPROVEMENTS, by contributing DEVELOPER's pro-rata share of the SOUTHEAST DEVELOPMENT IMPROVEMENTS based on the units of flow that DEVELOPER'S DEVELOPMENT will require and therefore will contribute to the overall capacity needs of the SOUTHEAST DEVELOPMENT AREA, DEVELOPER'S DAPARC in the amount of _____.

METRO will collect and apply DEVELOPER's pro-rata share, DAPARC, toward the SOUTHEAST DEVELOPMENT IMPROVEMENTS.

DEVELOPER understands that even upon acceptance of the DAPARC, MWS will not be able to issue letters of water availability until there is substantial completion of off-site water infrastructure improvements.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed.

RECOMMENDED BY:

DEVELOPER:

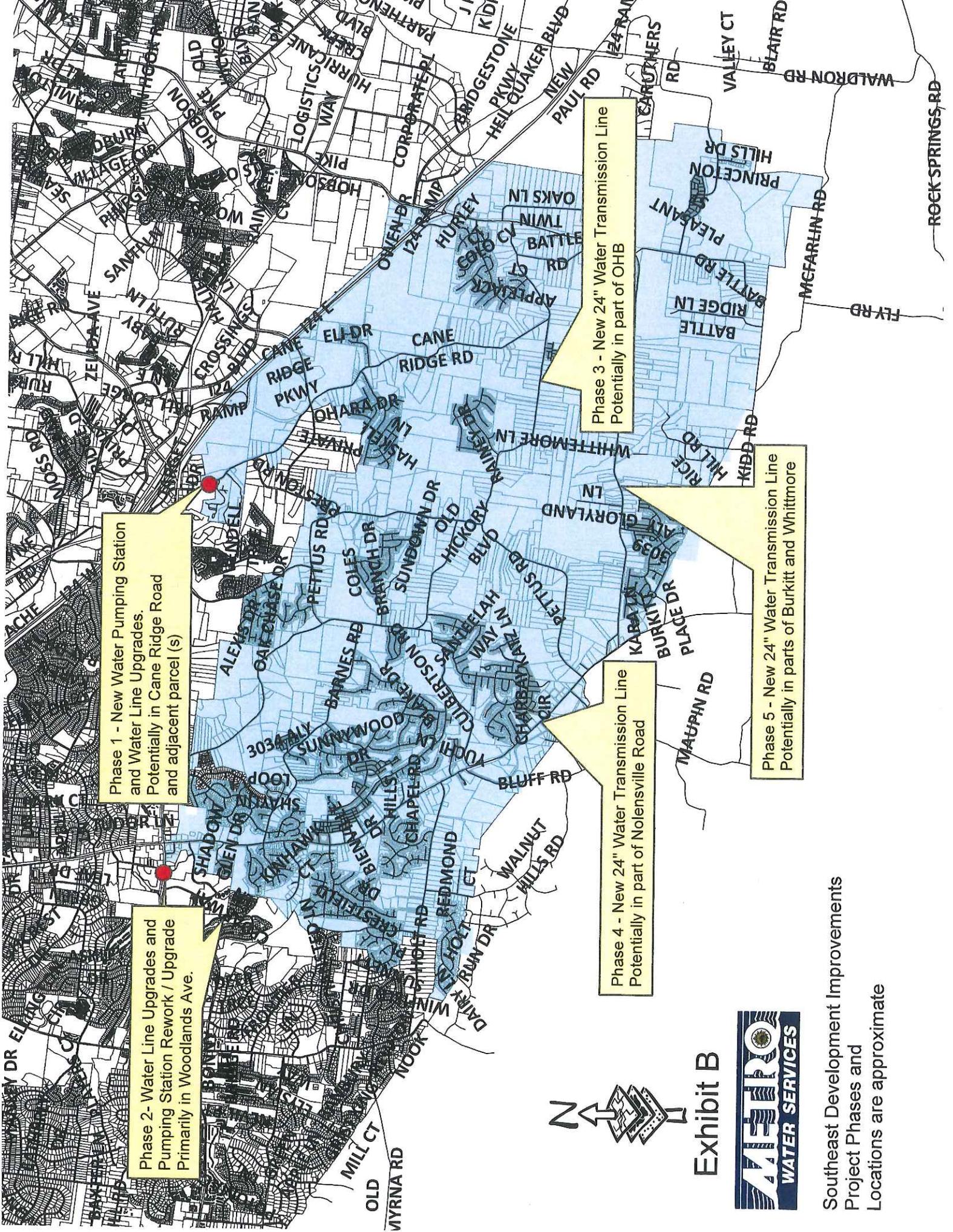
Scott A. Potter, Director
Water and Sewerage Services

Name

Title

APPROVED AS TO FORM
AND LEGALITY:


Assistant Metropolitan Attorney



Phase 1 - New Water Pumping Station and Water Line Upgrades. Potentially in Cane Ridge Road and adjacent parcel (s)

Phase 2 - Water Line Upgrades and Pumping Station Rework / Upgrade Primarily in Woodlands Ave.

Phase 4 - New 24" Water Transmission Line Potentially in part of Nolen'sville Road

Phase 3 - New 24" Water Transmission Line Potentially in part of OHB

Phase 5 - New 24" Water Transmission Line Potentially in parts of Burkitt and Whittmore

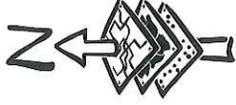


Exhibit B



Southeast Development Improvements
 Project Phases and
 Locations are approximate

Development Area Participation Agreement Recovery Charge (DAPARC) for the Southeastern Portion of Metro Water Services' (MWS) Water Service Area

Due to the unanticipated rate of development in the southeastern portion of Davidson County beyond projections of the Metro Planning Commission, Metro Planning Organization, and other regional planning efforts, MWS has identified water infrastructure improvements that are required to support this and anticipated continued development.

As a result of this growth rate and consistent with private development funding service needs for their development, MWS has established this Development Area Participation Agreement Recovery Charge ("DAPARC") for the SOUTHEAST DEVELOPMENT AREA (see Exhibit A). Funds generated through this charge will be used exclusively by MWS for the recuperation of MWS' expenditures for constructing the water infrastructure improvements in this water service area.

Based on estimated construction costs for the currently identified water system improvements, the charge will be \$1,000 per the average daily flow (ADF) of 350 gallons per day (one unit of flow). The DAPARC will be collected until such time that the financial obligation for these water infrastructure improvements by MWS are met.

Pursuant to Metropolitan Code Section 15.20.045, a water system capacity charge ("capacity fees") must be paid for all new connections to the public water supply system prior to any issuance of permits for service connection to the public water system. The DAPARC shall be distinguished from and collected in addition to the water system capacity charge. Both charges shall be paid and collected by MWS at the same times. The DAPARC shall be paid in its entirety (100%) based upon the development's projected total demand. As an example, for 100 units of flow, the developer/owner would pay 100 x \$1,000 or \$100,000 at the time initial capacity payment is due.

These non-refundable charges (at least 30% of the capacity and 100% of the DAPARC fees) must be paid within 90 days of the issuance of the capacity fee letter to Metro Water Services, Development Services Office, Metro Office Building, P.O. Box 196300, Nashville, TN 37219-6300 in order to receive an availability letter. Failure to comply with the 90 day requirement will result in the availability process starting all over again. All applicable tap fees and remaining capacity fees (if not 100% paid upfront) must be paid at the time of the application for the sewer/water connection permits. All costs incurred in the installation of the on-site water and/or sewer facilities will be at the expense of the developer. Submit detailed site utility plans to Metro Water Services, Metro Office Building, P.O. Box 196300, Nashville, TN 37219-6300.

Even upon acceptance of the DAPARC, MWS will not be able to issue letters of water availability until there is substantial completion of off-site water infrastructure improvements.