

October 20, 2023

Electronically Filed in TPUC Docket
Room on October 20, 2023 at 12:39 p.m.

VIA ELECTRONIC FILING

Hon. Herbert H. Hilliard, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
TPUC.DocketRoom@tn.gov

**RE: *Application of Limestone Water Utility Operating Company, LLC for:
(1) Authority to Expand its Certificate of Convenience and Necessity to Include
the Laurel Creek Subdivision and (2) Motion to Waive Commission Rule 1220-
04-13-.17(c)(3), TPUC Docket No. 22-00059***

Dear Chairman Hilliard:

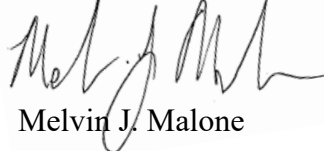
Please find enclosed Limestone Water Utility Operating Company, LLC's responses to the data requests from the TPUC Commission Staff, dated October 11, 2023.

Please note that Exhibit 5.2 that was originally filed as confidential can be replaced with the attached Exhibit 5.2 as non-confidential.

As required, the original plus four (4) hard copies will be mailed to your office. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER SNOW LLP



Melvin J. Malone

clw

Attachments

cc: Russ Mitten, Limestone Water Utility Operating Company, LLC
Vance L. Broemel, Consumer Advocate Division
Karen H. Stachowski, Consumer Advocate Division
David Foster, TPUC Utilities Division

October 20, 2023

VIA ELECTRONIC FILING

David Foster, Director
Utilities Division
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
TPUC.DocketRoom@tn.gov

RE: *Application of Limestone Water Utility Operating Company, LLC for: (1) Authority to Expand its Certificate of Convenience and Necessity to Include the Laurel Creek Subdivision and (2) Motion to Waive Commission Rule 1220-04-13-.17(c)(3), TPUC Docket No. 22-00059*

Dear Mr. Foster:

We are in receipt of your data requests to Limestone Water Utility Operating Company, LLC ("Limestone"), dated October 11, 2023. Please find Limestone's responses below.

1. *Regarding Commission Rule 1220-04-13-.17(2)(b)(2): Provide a copy of the franchise waiver to be acquired for this project (mentioned in Exhibit 2.2 of the Petition), or in the alternative, provide the applicable franchise agreement.*

Response: Commission Rule 1220-04-13-.17(2)(b)(2) is not applicable to this Application. Initially, Limestone mistakenly thought that a franchise agreement might be required. Limestone has not pursued a waiver of the franchise agreement because Rule 1220-04-13-.17(2)(b)(2) is not applicable.

2. *Regarding Commission Rule 1220-04-13-.17(2)(b)(3): The Utility Services Agreement has Craig Hostert signing on behalf of the Developer. Please confirm that Mr. Hostert is an authorized signer regarding the financial interests and intent of Westpark Laurel Creek, LLC.*

Response: Limestone has confirmed that Mr. Hostert is an authorized signer regarding the financial interests and intent of Westpark Laurel Creek, LLC. Additionally, please see Attachment A, the Operating Agreement, Article 5, Page 8.

3. *Regarding Commission Rule 1220-04-13-.17(2)(b)(3): The language of the Utility Services Agreement provided as Exhibit 2.3 to the Petition establishes that Limestone will be operating*

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150 3rd Avenue South, Suite 1600
Nashville, TN 37201*

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a water system for the developer. However, this is inconsistent with the Petition which requests permission for wastewater service and stating that public water supply will be provided by Sevier County Water. Please explain this inconsistency and submit corrective documentation as appropriate to clarify the terms of the Utility Services Agreement.

Response: The Company inadvertently included "water facility" within the Utility Services Agreement and is currently working to amend this Agreement.

4. *Regarding Commission Rule 1220-04-13-.17(2)(d)(1): While the Commission recognizes the preliminary engineering reports that accompanied the SOP application were filed as Exhibit 1.8, the actual SOP application from The Tennessee Department of Environment and Conservation was omitted from this filing. Please file a copy of Limestone's SOP application sent to TDEC, as well as TDEC's letter of receiving a complete application, as well as any draft permits issued by TDEC.*

Response: Please see Attachment B for Limestone's SOP application, the TDEC letter approving the engineering report and preliminary plans, and the draft permit issued by TDEC.

5. *Regarding Commission Rule 1220-04-13-.17(2)(d)(2): The Company provided a list of six certified wastewater operators to the Consumer Advocate in Limestone's September 9, 2022, response. Please identify which of these individual(s) will be the operator(s) of Laurel Creek subdivision, and whether these individual(s) will work for Limestone, a Limestone affiliate, or a third party provider.*

Response: Limestone intends Dana Douglas will be primarily responsible for operating the Laurel Creek facility. Furthermore, Dana Douglas will be employed by Clearwater Solutions, a third-party provider.

6. *Regarding Commission Rule 1220-04-13-.17(2)(e)(7): Confirm the Developer's ability to grant Limestone title to the assets that will be transferred to Limestone pursuant to the Utility Services Agreement and specify the Map Number and Parcel ID of the land related to this Agreement.*

Response: Limestone consistently works to ensure that, upon closing, all title to the assets can and will be properly transferred. Therefore, Limestone will not move forward with closing the transaction without the proper title work. Additionally, please see Attachment C for the Map Number and Parcel ID.

7. *As in previous dockets, please refile the information contained in Exhibit 5.2 attached to the June 28, 2022, Petition as non-confidential. Should the Company refuse to lift the confidentiality of this information, Staff requests that the Company provide a legal brief and/or detailed explanation as to why this information should be treated as confidential.*

Response: Please see Exhibit 5.2 that has been filed into Docket No. 22-00059 as non-confidential.

David Foster, Director

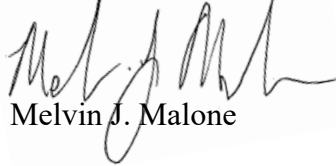
October 20, 2023

Page 3

As required, the original plus four (4) hard copies will be mailed to your office. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER SNOW LLP

A handwritten signature in black ink, appearing to read "Melvin J. Malone", is written over a light blue rectangular background.

Melvin J. Malone

clw

Attachments

cc: Russ Mitten, Limestone Water Utility Operating Company, LLC
Vance L. Broemel, Consumer Advocate Division
Karen H. Stachowski, Consumer Advocate Division

ATTACHMENT A

**LIMITED LIABILITY COMPANY OPERATING AGREEMENT FOR
WESTPARK LAUREL CREEK, LLC
A Manager-Managed Limited Liability Company**

This Operating Agreement ("Agreement") is entered into this 10th day of June, 2021, by and between the parties to this Agreement at Franklin, Tennessee.

Recitals

A. The parties have agreed to organize a limited liability company in accordance with the terms and subject to the conditions set forth in this Agreement.

B. The parties enter into this Agreement in order to form and provide for the governance of the limited liability company and the conduct of its business and to specify their relative rights and obligations.

C. The parties will cause or have already caused Articles of Organization for the limited liability company to be filed with the Tennessee Secretary of State.

NOW, THEREFORE, the parties agree as follows:

**Article 1
Defined Terms**

The following capitalized terms shall have the respective meanings specified in this Article 1. Capitalized terms not defined below or elsewhere in this Agreement shall have the meanings specified in the Act.

1.1 "*Act*" means the Tennessee Revised Limited Liability Company Act, as amended from time to time.

1.2 "*Affiliate*" means, (a) a person directly or indirectly controlling, controlled by, or under common control with another person; (b) a person owning or controlling ten percent or more of the outstanding voting securities or beneficial interests of another person; (c) an officer, director, or partner of another person; and/or (d) any affiliate of any such person.

1.3 "*Agreement*" means this Operating Agreement, as amended from time to time including each exhibit hereto.

1.4 "*Assignee*" means the person who has acquired an Economic Interest in the Company but is not a Member.

1.5 "*Board of Managers*" means those Managers selected and appointed in Section 5.1.1. of this Agreement or their successors, and shall also mean, when an act of the Board of Managers is required, a vote of the majority of Managers unless otherwise stated in this Agreement.

1.6 "*Capital Account*" means, with respect to any Member, the account reflecting the capital interest of the Member in the Company, consisting of the Member's initial capital Contribution maintained and adjusted in accordance with Article 3, Section 3.6 of this Agreement.

1.7 "*Capital Event*" means a sale or disposition of any of the Company's capital assets, the receipt of insurance and other proceeds derived from the involuntary conversion of Company property or assets, a financing or refinancing of Company property or assets, or a similar event with respect to Company property or assets.

1.8 "*Cash Flow*" means all cash derived from operations of the Company (including interest received on reserves), without reduction for any non-cash charges, but less cash used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements, and replacements as determined by the Board of Managers.

1.9 "*Code*" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding revenue law.

1.10 "*Company*" means the limited liability company formed in accordance with this Agreement.

1.11 "*Contribution(s)*" means any money, property, or services rendered, or a promissory note or other binding obligation to contribute money or property, or to render services, which a Member contributes to the Company as capital in that Member's capacity as a Member pursuant to the Agreement including an agreement as to value.

1.12 "*Economic Interest*" means a person's financial rights to share in the income, gains, losses, deductions, credit, or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member including, without limitation, the right to vote or to participate in management or, except as may otherwise be required by the Act, any right to information concerning the business and affairs of the Company.

1.13 "*Interest Holder*" means any Person who holds an Economic Interest, whether as a Member or as an Assignee of a Member.

1.14 "*Involuntary Withdrawal*" means, with respect to any Member, the occurrence of any of the following events:

- (i) the Member makes an assignment for the benefit of creditors;
- (ii) the Member is or becomes bankrupt;
- (iii) the Member files a petition seeking for the Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any state or federal law;

(iv) the Member seeks, consents to, or acquiesces in the appointment of a trustee for, receiver for, or liquidation of the Member or of all or any substantial part of the Member's properties or assets;

(v) if the Member is an individual, the Member's death or adjudication by a medical doctor or by a court of competent jurisdiction as incompetent to manage the Member's person or property ("Death or Incompetency"), or the Death or Incompetency of a person who is a shareholder, partner, member or trustee of a Member that is an entity and not an individual;

(vi) if the Member is acting as a Member by virtue of being a trustee of a trust, the termination of the trust;

(vii) if the Member is a partnership or limited liability company, the dissolution and commencement of winding up of the partnership or limited liability company;

(viii) if the Member is a corporation, the dissolution of the corporation or the revocation of its charter;

(ix) if the Member is a partnership, limited liability company or corporation, a change in control of such entity (i.e., fifty percent or more of the ownership interests);

(x) if the Member is an estate, the distribution by the fiduciary of the estate's entire interest in the Company; or

(xi) if the Member files an action seeking a decree of judicial dissolution pursuant to Section 48-249-617 of the Act.

1.15 "*Majority in Interest*" means, with respect to Members' voting rights, Members owning a majority of the capital interests in the Company (as reflected on Exhibit "A" and as may be amended from time to time).

1.16 "*Member*" means any person who or which has executed this Agreement and:

(a) has been admitted to the Company as a member in accordance with the articles of organization or this Agreement, or an Assignee of an interest in the Company who has become a member pursuant to Section 48-249-501 of the Act; and

(b) has not resigned, withdrawn, or been expelled as a member or, if other than an individual, been dissolved.

1.17 "*Membership Interest*" means a Member's rights in the Company, collectively, including the Member's Economic Interest, any right to vote or participate in management, and any right to information concerning the business and affairs of the Company provided by the Act.

1.18 "*Negative Capital Account*" means a Capital Account with a balance of less than zero.

1.19 *"Percentage(s) or "Percentage Interest(s)"* means, with respect to any Member, that percentage which such Member's Contributions constitute of the aggregate of all Contributions outstanding at the time the Percentage is determined which is initially reflected on Exhibit "A".

1.20 *"Positive Capital Account"* means a Capital Account with a balance greater than zero.

1.21 *"Profits and Losses" ("Profit", "Loss" "Profit" and/or "Loss")* means, for each fiscal year or other period specified in this Agreement, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Section 703(a) of the Code.

1.22 *"Regulation(s)"* means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

1.23 *"Transfer"* means, when used as a noun, any sale, hypothecation, encumbrance, pledge, assignment, attachment, or other transfer, and, when used as a verb, to sell, hypothecate, encumber, pledge, assign, attach or otherwise transfer.

1.24 *"Unit(s)"* means the same as Membership Interest.

1.25 *"Voluntary Withdrawal"* means a Member's disassociation from the Company by means other than a Transfer or an Involuntary Withdrawal.

Article 2

Formation and Name; Office; Purpose; Term

2.1. *Organization.* The parties hereby organize a limited liability company pursuant to the Act and the provisions of this Agreement. The Company shall cause Articles of Organization to be prepared, executed, and filed with the Secretary of State of Tennessee.

2.2. *Name of the Company.* The name of the Company is WESTPARK LAUREL CREEK, LLC.

2.3. *Purpose.* The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be formed or organized under the Act.

2.4. *Term.* The Company shall continue in existence until terminated or dissolved as set forth in Article 7 below.

2.5. *Principal Place of Business.* The Company's principal place of business and executive office shall be located at 6001 Headwaters Drive, Franklin, Tennessee 37064-1630 or at any other place which the Board of Managers may determine from time to time.

2.6. *Agent.* The name and address of the Company's initial registered agent in the State of Tennessee is Edward LaCivita, 6001 Headwaters Drive, Franklin, Tennessee 37064-1630.

2.7. *Members.* The name, present address, initial Contribution and initial Percentage share of Profits and Losses of each Member are set forth on Exhibit "A" which is incorporated herein by reference. Exhibit "A" shall be amended from time to time to include Members subsequently admitted to the Company, if any.

Article 3

Members; Capital; Capital Accounts

3.1. *Initial Contributions.* Upon the execution of this Agreement, the Members shall contribute to the Company money and/or property or other consideration in the amounts set forth on Exhibit "A". Each Member may execute a separate Contribution Agreement; provided that in the absence of such a separate Contribution Agreement, this Agreement shall constitute a signed writing contemplated by Section 48-249-301 of the Act and the written acceptance together with a determination of the value and adequacy of the same by the Members. The Managers of the Company hereby accept such Contribution of the Members by their signatures attached hereto. If a Member fails to make a required Contribution within ten (10) days after said Member has executed this Agreement or a counterpart thereof, the Board of Managers may cause that Member's entire Membership Interest to be terminated by giving written notice thereof to such Member and that Member shall thereupon indemnify and hold the Company and the other Members harmless from any loss, cost, or expense, including reasonable attorney fees caused by the failure to make such Contribution.

3.2. *No Additional Contributions.* No Member shall be required to make any additional capital or Contribution to the Company unless required by the unanimous written consent of the Members. The written consent shall be deemed a signed writing for purposes of Section 48-249-301 of the Act and shall further be deemed a written acceptance together with a determination of the value and adequacy of the same by the Members. In such case, acceptance, determination of the value and adequacy of the same by the Managers is expressly waived.

3.3. *No Interest on Contributions.* Neither Members nor Interest Holders shall be paid interest with respect to Contributions or on the balance of a Member's Capital Account.

3.4. *Return of Contributions.* Except as otherwise provided in this Agreement, no Member nor Interest Holder shall have the right to receive any distributions or withdraw any Contributions from the Company, except upon the dissolution of the Company and then only if such distributions or withdrawal of any Contributions are available.

3.5. *Form of Return of Capital.* If a Member or an Interest Holder is entitled to receive the return of a Contribution, the Company may distribute, in lieu of money, notes or other property having a value equal to the amount of money distributable to such Member or Interest Holder.

3.6. *Capital Account.* The Capital Account for each Member shall mean the account established, determined and maintained for such Member in accordance with Section 704(b) of the Internal Revenue Code and Treasury Regulation Section 1.704-1(b)(2)(iv). The Capital Account for each Member shall be **increased by** (1) the amount of money contributed by such Member to the Company, (2) the fair market value of property contributed by such Member to the Company (net

of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Section 752 of the Internal Revenue Code), and (3) allocations to such Member of Company income and gain (or items thereof), including income and gain exempt from tax and income and gain described in Treasury Reg. Section 1.704-1(b)(2)(iv)(g), but excluding income and gain described in subsection (b)(4)(I) of said Regulation, and shall be **decreased by** (4) the amount of money distributed to such Member by the Company, (5) the fair market value of property distributed to such Member by the Company (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under Section 752 of the Code), (6) allocations to such Member of expenditures of the Company described in Section 705(a)(2)(B) of the Code, and (7) allocations of Company loss and deduction (or items thereof) including loss and deduction described in Treasury Reg. Section 1.704-1(b)(2)(iv)(g), but excluding items described in (6) above and loss or deduction described in subsections (b)(4)(i) or (b)(4)(iii) of said Regulation. Net profits and net losses of the Company from other than capital transactions, as of the end of any fiscal year or other period, shall be credited or charged to the Capital Accounts of the Members prior to any charge or credit to said Capital Accounts for net profits and net losses of the Company from Capital Events as of the end of such fiscal year or other period. The Capital Account for each Member shall be otherwise adjusted in accordance with the additional rules of Treasury Reg. Section 1.704-1(b)(2)(iv).

3.7. *Loans and Other Business Transactions.* Any Member may, at any time, make a loan or cause a loan to be made to the Company in any amount and on those terms upon which the Company and the Member agree. Members may also transact other business with the Company and, in doing so, they shall have the same rights and be subject to the same obligations arising out of any such business transaction as would be enjoyed by and imposed upon any person, not a Member, engaged in a similar business transaction with the Company.

3.8. *Limitation of Liability.* A Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in this Agreement.

Article 4

Allocations and Distributions

4.1. *Allocation of Profits and Losses.* Subject to distributions as set forth in Sections 4.5, 4.6, 4.7, and 4.8 below, the Profits and Losses of the Company and all items of Company income, gain, loss, deduction, or credit shall be allocated, for Company book purposes and for tax purposes, to a Member in accordance with the Member's Percentage Interest.

4.2. *Special Allocations.* If any Member unexpectedly receives any adjustment, allocation, or distribution described in Reg Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Company gross income and gain shall be specially allocated to that Member in an amount and manner sufficient to eliminate any deficit balance in the Member's Capital Account created by such adjustment, allocation, or distribution as quickly as possible. Any special allocation under this Section 4.2 shall be taken into account in computing subsequent allocations of Profits and Losses so that the net amount of allocations of income and losses and all other items shall, to the extent possible, be equal to the net amount that would have been allocated

if the unexpected adjustment, allocation or distribution had not occurred. The provision of this Section 4.2 and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Reg Sections 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with such Regulations.

4.3. *Allocation of Appreciation and Depreciation Items.* Any unrealized appreciation or unrealized depreciation in the values of Company property distributed in kind to all the Members shall be deemed to be Profits or Losses realized by the Company immediately prior to the distribution of the property and such Profits or Losses shall be allocated to the Members' Capital Accounts in the same proportions as Profits are allocated under Section 4.1. Any property so distributed shall be treated as a distribution to the Members to the extent of the Fair Market Value of the property less the amount of any liability secured by and related to the property. Nothing contained in this Agreement is intended to treat or cause such distributions to be treated as sales for value. For the purposes of this Section 4.3, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the fair market value of such property and the Company's basis for such property.

4.4. *Pro Rata Allocations.* In the case of a Transfer of an Economic Interest during any fiscal year, the assigning Member and the Assignee shall each be allocated the Economic Interests' share of Profits or Losses based on the number of days each held the Economic Interest during that fiscal year.

4.5. *Distributions of Cash.* All cash resulting from the normal business operations of the Company, after retaining sufficient reserves for operating capital and expenses, shall be distributed as the Board of Managers determines from time to time among the Members in proportion to each Member's respective Percentage Interest as shown on Exhibit "A".

4.6. *Distributions from a Capital Event.* All proceeds resulting from a Capital Event, after retaining sufficient reserves for operating capital and expenses, shall be distributed among the Members as follows: (A) first, by distributing all Contributions to each Member until such Member has received a return of one-hundred percent (100%) of all of his or her Contributions; and (B) the remainder shall be distributed among the Members in proportion to each Member's respective Percentage Interest as shown on Exhibit "A".

4.7. *Distributions of Other Property.* If the proceeds from a sale or other disposition of a Company asset consists of property other than cash, the value of such property shall be as determined by the Board of Managers. Such non-cash proceeds shall then be allocated among all the Members in proportion to their Percentage Interests. If such non-cash proceeds are subsequently reduced to cash, such cash shall be distributed among the Members in accordance with Section 4.6.

4.8. *Distributions in Liquidation.* When there is a distribution in liquidation of the Company, or when any Member's interest is liquidated, all items of income and loss first shall be allocated to the Members' Capital Accounts under this Article 4, and other credits and deductions to the Member's Capital Accounts shall be made before the final distribution is made. The final distribution to the Members shall first be made to the Members to the extent of and in proportion to

their positive Capital Account balances until such balances are reduced to zero, then to the Members in proportion to their Percentage Interests.

Article 5

Management: Rights, Powers, and Duties

5.1 Management.

5.1.1. *Management of Company Affairs.* The Company shall be manager -managed by a Board of Managers. The Members hereby select and appoint CHRIS HOSTERT, CRAIG HOSTERT and EDWARD LACIVITA as the initial Managers who shall constitute the Board of Managers and EDWARD LACIVITA shall serve as Chief Executive Manager of the Company. The Chief Executive Manager shall have primary responsibility for managing the operations of the Company and for effectuating the decisions of the Board of Managers. Each officer or executive shall have the same rights and powers as is given to a Manager by this Agreement but he or she shall not be a part of the Board of Managers unless also specifically designated herein as a Manager. Unless otherwise stated elsewhere in this Agreement, any Manager's signature shall be sufficient to bind the Company and no third party need inquire into the authority of a Manager to bind the Company. A vote of all Members, from time to time, may appoint one or more additional or successor Managers. A Manager may be removed at any time by a vote of all Members. A Manager may resign at any time by written notice to the other Managers, if any, and to the Members. Except as specifically provided otherwise in this Agreement, an action or decision may be made by any Manager acting alone and shall be as effective as if made by all Managers. When there is only one Manager, any reference to Managers shall mean the sole acting Manager. Whenever there is no Manager, an action or decision of all of the Members shall be effective as if made by all Members. Members that are not Managers shall take no part whatever in the control, management, direction or operation of the Company's affairs and shall have no power to bind the Company. The Managers shall not take any action to bind the Company except in accordance with this Agreement.

5.1.2. *General Powers.* Subject to the provisions of Section 5.1.3, any one Manager shall have full, exclusive, and complete discretion, power, and authority, subject in all cases to the other provisions of this Agreement and the requirements of applicable law, to manage, control, administer, and operate the business and affairs of the Company for the purposes herein stated, and to make all decisions affecting such business and affairs, except that the power to do the following may be done only with a majority consent of the Board of Managers:

5.1.2.1. acquire by purchase, lease, or otherwise, any real or personal property, tangible or intangible;

5.1.2.2. own, develop, manage, sell, convey, assign, mortgage, or lease the Company assets;

5.1.2.3. sell, dispose, trade, or exchange Company assets (other than a capital asset) in the ordinary course of the Company's business;

5.1.2.4. enter into agreements and/or make purchases in excess of \$2,000.00 and to give receipts, releases, and discharges in excess of \$2,000.00;

5.1.2.5. purchase liability and other insurance to protect the Company's assets;

5.1.2.6. borrow money for and on behalf of the Company, and, in connection therewith, execute and deliver instruments allowing the same;

5.1.2.7. execute or modify leases with respect to the Company's assets;

5.1.2.8. prepay, in whole or in part, refinance, amend, modify, or extend any loans, mortgages or deeds of trust of \$10,000.00 or less which may affect the Company's assets and in connection therewith to execute for and on behalf of the Company any extensions, renewals, or modifications of such loans, mortgages or deeds of trust;

5.1.2.9. execute any and all other instruments and documents which may be necessary or in the opinion of the Board of Managers desirable to carry out the intent and purpose of this Agreement, including, but not limited to, documents whose operation and effect extend beyond the term of the Company;

5.1.2.10. make any single expenditure in excess of \$2,000.00 which the Board of Managers, in their sole discretion, deem necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, expenditures for legal, accounting, and other related expenses incurred in connection with the organization, financing, and operation of the Company;

5.1.2.11. invest and reinvest Company reserves in short-term instruments or money market funds.

5.1.3. *Extraordinary Transactions.* Notwithstanding anything to the contrary in this Agreement, without the unanimous approval of the Members, no one Manager nor the Board of Managers shall have the power and authority to take any of the following actions:

5.1.3.1. any Capital Event;

5.1.3.2. any single loan or use of the Company's money or other assets in excess of \$10,000.00;

5.1.3.3. the admission of a Member to the Company;

5.1.3.4. causing the Company to engage in business in any jurisdiction which does not provide for the registration of limited liability companies; and

5.1.3.5. causing the Company to exercise any purchase option pursuant to
Section 6.2.

5.1.4. Limitation on Authority of Members.

5.1.4.1. No Member is an agent of the Company or any other Member solely by virtue of being a Member, and no Member has authority to act for the Company or any other Member solely by virtue of being a Member.

5.1.4.2. *Section 5.1.4.1* supersedes any authority granted to the Members pursuant to *Section 17704.07(b)* of the Act. Any Member who takes any action or binds the Company in violation of *Section 5.1.4.1* shall be solely responsible for any loss and expense incurred by the Company as a result of the unauthorized action and shall indemnify and hold the Company harmless with respect to the loss or expense.

5.1.5. *Term of Manager.* Each Manager shall serve until the earlier of (a) the Manager's resignation, retirement, death, or disability; (b) the Manager's removal by a vote of all of the Members; and (c) the expiration of the Manager's term as Member, if a term has been designated by a vote of all of the Members. A new Manager shall be appointed by a vote of all of the Members on the occurrence of any of the foregoing events. Any additional Manager(s) may be appointed by a vote of all of the Members at any time.

5.2. Meetings of and Voting by Members.

5.2.1. A meeting of the Members may be called at any time by any Manager or by those Members holding at least a forty percent (40%) Membership Interest. Meetings of Members shall be held at the Company's principal place of business or at any other place designated by the person or persons calling the meeting. Not less than five (5) nor more than forty-five (45) days before each meeting, the person or persons calling the meeting shall give written notice of the meeting to each Member entitled to Vote at the meeting. The notice shall state the time, place, and purpose of the meeting. Notwithstanding the foregoing provisions, each Member who is entitled to notice may waive notice, either before or after the meeting, by executing a waiver of such notice, or by appearing at and participating in person or by proxy in the meeting. At a meeting of Members, the presence in person or by proxy of a Majority in Interest of the Members constitutes a quorum. A Member may vote either in person or by written proxy signed by the Member or by the Member's duly authorized attorney in fact or may appear at a meeting by a telephonic conference call.

5.2.2. The unanimous vote of all of the Members shall be required to approve any matter coming before the Members.

5.2.3. In lieu of holding a meeting, and except as otherwise provided or required by this Agreement, the Members may take action by written consents specifying the action to be taken, which consents must be executed and delivered to the Company by a unanimous vote of all of the Members.

5.2.4. The following matters shall require the unanimous vote or consent of all of the Members:

(a) a decision to continue the business of the Company after dissolution of the Company;

(b) approval of the transfer of a Membership Interest and admission of an Assignee as a Member;

(c) an amendment to the Articles of Organization or this Agreement.

5.3. *Personal Service.*

5.3.1. No Member shall be required to perform services for the Company solely by virtue of being a Member. Unless approved by a Majority in Interest of the Members, no Member shall perform services for the Company or be entitled to compensation for services performed for the Company.

5.3.2. Unless approved by the Board of Managers, no Manager, officer, executive or any other person shall be entitled to a salary or compensation for services performed for the Company. However, upon substantiation of the amount and purpose thereof, a Manager shall be entitled to reimbursement for expenses reasonably incurred, and advances reasonably made, in furtherance of the business of the Company.

5.4. *Duties of Parties.*

5.4.1. The Managers shall devote such time to the business and affairs of the Company as is necessary to carry out the Managers' duties set forth in this Agreement.

5.4.2. Except as otherwise expressly provided in *Section 5.4.3*, nothing in this Agreement shall be deemed to restrict in any way the rights of any Member, or of any Affiliate of any Member, to conduct any other business or activity whatsoever, and no Member shall be accountable to the Company or to any other Member with respect to that business or activity. The organization of the Company shall be without prejudice to the Members' respective rights (or the rights of their respective Affiliates) to maintain, expand, or diversify such other interests and activities and to receive and enjoy profits or compensation therefrom. Each Member waives any rights the Member might otherwise have to share or participate in such other interests or activities of any other Member or the Member's Affiliates.

5.4.3. The only fiduciary duties a Manager owes to the Company and the other Members are the duty of loyalty and the duty of care set forth in subdivisions (a) and (b):

(a) A Manager's duty of loyalty to the Company and the other Members is limited to the following:

(1) To account to the Company and hold as trustee for it any property, profit, or benefit derived by a Manager in the conduct or winding up of the Company's business or derived from a use by a Manager of Company property, including the appropriation of a Company opportunity, without the consent of a Majority in Interest of the Members;

(2) To refrain from dealing with the Company in the conduct or winding up of the Company business as or on behalf of a party having an interest adverse to the Company without the consent of a Majority in Interest of the Members; and

(3) To refrain from competing with the Company in the conduct of the Company business before the dissolution of the Company without the consent of a Majority in Interest of the Members.

(b) A Manager's duty of care to the Company and to the Members in the conduct and winding up of the Company business is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, a knowing violation of law, or a breach of Section 5.4.3.(a) of this Agreement.

5.4.4. Members who are not Managers do not have, and shall not be deemed to have, fiduciary duties to the Company or the other Members except to the extent any such fiduciary duty shall be based upon or arise out of another relationship or contract between such Member and the person or entity asserting the existence of a fiduciary duty.

5.5. Indemnification of Manager(s) and/or Members.

5.5.1. A Manager shall not be liable, responsible, or accountable, in damages or otherwise, to any Member or to the Company for any act performed by such Manager within the scope of the authority conferred on such Manager by this Agreement, and within the standard of care specified in Section 5.4.3.

5.5.2. The Company shall indemnify each Member and Manager: (a) from and against judgments, claims, settlements, fees, costs, penalties, fines or expenses of any kind incurred as a result of acting in that capacity; and (b) for any act performed by a Manager within the scope of the authority conferred on the Manager by this Agreement, unless such act constitutes grossly negligent or reckless conduct, intentional misconduct, a knowing violation of law, or a breach of Section 5.4.3.(a) of this Agreement.

5.6. Power of Attorney.

5.6.1. *Grant of Power.* Each Member constitutes and appoints each and every Manager as the Member's true and lawful attorney-in-fact ("Attorney-in-Fact"), and any one Manager may act as such in the Member's name, place, and stead, to make, execute, sign, acknowledge, and/or file only the following:

5.6.1.1. one or more Articles of Organization;

5.6.1.2. all documents (including amendments to Articles of Organization) which the Attorney-in-Fact deems appropriate to reflect any duly authorized amendment, change, status, or modification of this Agreement;

5.6.1.3. any and all other certificates or other instruments required to be filed by the Company under the laws of the State of Tennessee or of any other state or jurisdiction, including, without limitation, any certificate or other instruments necessary in order for the Company to continue to qualify as a Limited Liability Company under the laws of the State of Tennessee;

5.6.1.4. one or more fictitious trade name certificates; and

5.6.1.5. all documents which may be required to effect a duly authorized dissolution and termination of the Company.

5.6.2. *Irrevocability.* The foregoing power of attorney is irrevocable and is coupled with an interest, and, to the extent permitted by applicable law, shall survive the death or disability of a Member. It also shall survive the Transfer of a Membership Interest, except that if the Assignee is admitted as a Member, this power of attorney shall survive the delivery of the assignment for the sole purpose of enabling the Attorney-in-Fact to execute, acknowledge, and file any documents needed to effectuate the substitution. Each Member shall be bound by any representations made by the Attorney-in-Fact acting in good faith pursuant to this power of attorney, and each Member hereby waives any and all defenses which may be available to contest, negate, or disaffirm the action of the Attorney-in-Fact taken in good faith under this power of attorney.

ARTICLE 6

Transfers and Withdrawals

6.1. Permitted Transfers. A Unit may be transferred or sold to:

- (a) any Member's trust so long as such Member or such Member and his spouse are the sole trustor(s) and trustee(s) of said trust;
- (b) any entity solely owned by a Member or such Member and his spouse;
- (c) the Company;
- (d) any other Member; and
- (e) any other person or entity only if all of the Members unanimously consent in writing.

6.2. Unauthorized Transfers. In the event of an attempted Transfer not authorized under Section 6.1, the Company and then the Members shall have the right, but not the obligation, to purchase all such Units attempted to be transferred ("*Offered Units*") at the price and upon the terms set forth below:

- (a) Notice and Options. The transferor (or any Manager on the transferor's behalf) shall provide written notice ("*Original Notice*") to the Members of the identity of the proposed transferee and the date and terms of the proposed Transfer at least 60 days before the date of the proposed Transfer. The Board of

Managers may then cause the Company to purchase all, but not less than all, of the Offered Units on the terms and conditions set forth below, or, within 20 days of receiving the Original Notice, the Board of Managers may provide all the Members written notice of the Members' option to purchase among any one or more of the Members all, but not less than all, of the Offered Units at the Units' fair value. The Company or the Members may exercise their options to purchase all, but not less than all, of the Offered Units by giving written notice to the transferor within 30 days after the Board of Managers receives the Original Notice. If the Members offer to purchase more than the Offered Units, the Offered Units shall be purchased by each purchasing Member in the same proportion as that Member's number of Units bears to the aggregate number of Units owned by the Members exercising their options to purchase under this subparagraph. The purchase price shall be the fair value of the Offered Units determined as provided in subparagraph 6.2(b) to be paid within 60 days of the Original Notice, or within the time allowed for payment by the proposed transferee as set forth in the Original Notice, whichever is later.

(b) Fair Value. The fair value of the Units for purposes of this Article 6 shall be the amount agreed upon between the holder (that is, the selling or transferring Member) ("Holder") and the purchaser of the Units of the Holder or, in the absence of such an agreement, the fair value of the Units for purposes of this Article 6 shall be the then fair market value ("Net Value") of the Units as determined by an independent appraiser or certified public accountant selected by the Board of Managers (and reasonably acceptable to the Holder).

(c) Completion of Proposed Transfer. If the options described above are not exercised, the proposed Transfer can occur on the date and on the same terms and conditions as set forth in the Original Notice. Subsequent Transfers of those Units shall be subject to the provisions of this Article 6.

(d) Rights of Transferees. Except for Permitted Transfers under Section 6.1.(a), (b), (c) or (d), a transferee of Units shall become a Member only with the unanimous written consent of the Members and upon the transferee agreeing in writing to be bound by all of the terms and conditions of this Agreement.

6.3. Securities Law Transfer Restrictions. All Members acknowledge that the Units have not been registered under the Securities Act of 1933, as amended (the *1933 Act*), in reliance on applicable exemptions. Therefore, the Members agree that Units shall be nontransferable, except in compliance with the 1933 Act and applicable state securities laws, and any Transfer not in compliance shall be void. As an additional condition precedent to the Transfer of any Units, the Board of Managers may require an opinion of counsel satisfactory to the Board of Managers that such Transfer will be made in compliance with the provisions of the 1933 Act and applicable state securities laws and such transferor shall be responsible for paying any attorneys' fees incurred in connection with the opinion.

6.4. Rights of Assignees.

(a) A transferee of Units who is not admitted as a Member shall have only the rights of an Assignee. An Assignee of Units who is not a Member shall not be entitled to interfere in the management of the Company's affairs, vote, receive any information of Company transactions or inspect the Company books. The Assignee shall merely be entitled to receive, in accordance with the terms of the assignment, the distributions to which the assignor otherwise would be entitled.

(b) An Assignee of any Unit or Membership Interest shall receive the federal and all relevant state Forms K-1, and report all income and loss on his, her or its income tax returns each year in accordance with Rev. Rul. 77-137, 1977-1 C.B. 178 or any subsequent or updated Regulation or ruling.

6.5 Involuntary Transfers By Legal Proceedings. A Majority in Interest of the Members may terminate a Member's interest if the Member's interest becomes subject to a levy, lien, attachment, charging order, foreclosure or any other legal proceedings. Any judgment creditor or other person or entity seeking to execute upon, or otherwise in any way seize, transfer, sell or encumber any Membership Interest of any Member or any Interest Holder shall be specifically limited to the rights as so provided in T.C.A. § 48-249-509.

6.6. Withdrawal, Resignation, or Retirement of Member.

(a) No Member has the right to withdraw, resign or retire from the Company. A Member may resign completely as to all of that Member's Units only with the unanimous approval of the remaining Members.

(b) The Company or any Member shall have the option for sixty days, but not the obligation, to purchase the Units of a Member who has withdrawn, resigned or retired as approved under sub-paragraph 6.6(a) above at the Net Value as described in sub-paragraph 6.2(b) over a period of not more than twenty-four (24) months with payments of principal and interest to be paid quarterly with the unpaid principal bearing interest fixed at one percent (1%) over the prime rate of interest as published by Bank of America at the time that the option is exercised.

Article 7

Dissolution, Liquidation, and Termination of the Company

7.1. *Events of Dissolution.* The Company shall continue perpetually unless dissolved upon the happening of any of the following events:

7.1.1. Upon the happening of an event specified in this Agreement as causing a dissolution;

7.1.2. By the unanimous vote of the Members;

7.1.3. Upon entry of a decree of judicial dissolution pursuant to the Act;

7.1.4 Any event which makes it unlawful for the business of the Company to be carried on by the members: or

7.1.5. Any other event causing a dissolution of a limited liability company under the laws of the State of Tennessee.

7.2. *Involuntary Withdrawal.* An Involuntary Withdrawal of a Member shall not cause the dissolution of the Company unless all of the remaining Members unanimously vote to dissolve the Company. If there is no vote to dissolve the Company, then the Company or any remaining Member shall have the same option available to them as set forth in Section 6.6(b) above. If said option is not exercised by the Company or any remaining Member, then the withdrawing Member, or the successors, heirs and assigns of said Member, shall only have the rights of an Assignee as set forth in Section 6.4 for as long as the Assignee owns any Units.

7.3. *Procedure for Winding Up and Dissolution.* If the Company is dissolved, the Board of Managers shall wind up its affairs. On winding up of the Company, the assets of the Company shall be distributed, first to creditors of the Company, including Interest Holders who are creditors, in satisfaction of the liabilities of the Company, and then, to the Interest Holders in accordance with Section 4.7 of this Agreement.

7.4. *Limitation on Return to Members.* Each Member shall look solely to the assets of the Company for the return of the Member's Contribution, and if the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the Contribution of any Member, such Member shall have no recourse against any other Members for indemnification, contribution, or reimbursement.

7.5. *Filing of Certificate of Cancellation.* Upon completion of the affairs of the Company, the Board of Managers shall promptly file the Certificate of Cancellation of Articles of Organization with the Secretary of State. If there is no Manager, then the Certificate of Cancellation shall be filed by the remaining Members; if there are no remaining Members, the Certificate shall be filed by the last Person to be a Member; if there is neither a Manager, remaining Members, nor a person who last was a Member, the Certificate shall be filed by the legal or personal representatives of the Person who last was a Member.

Article 8

Books, Records, Accounting, and Tax Elections

8.1. *Bank Accounts.* All funds of the Company shall be deposited in a bank account or accounts opened in the Company's name. The Board of Managers shall determine the financial institution or institutions at which the accounts will be opened and maintained, and the types of accounts. Each Manager and officer is authorized to sign Company checks which shall require two signatures thereon.

8.2. Maintenance of Books and Records.

8.2.1. The Board of Managers shall keep or cause to be kept complete and accurate books, records, and financial statements of the Company and supporting documentation of transactions with respect to the conduct of the Company's business. Such books, records, financial statements, and documents shall include, but not be limited to, the following:

(1) a current list of the full name and last known business or residence address of each Member, Manager and Interest Holder, in alphabetical order, with the Contribution and the share in profits and losses of each Member and Interest Holder specified in such list;

(2) the Articles of Organization, including all amendments; and any powers of attorney under which the Articles of Organization or amendments were executed;

(3) federal, state, and local income tax or information returns and reports, if any, for the three most recent taxable years (if applicable);

(4) this Agreement and any amendments, and any powers of attorney under which this Agreement or amendments were executed;

(5) financial statements for the three most recent years (if applicable);

(6) internal books and records for the current and three most recent years (if applicable);

(7) records of all proceedings, if any, of the Members for the current and three most recent years: and

(8) a true copy of relevant records indicating the amount, cost, and value of all property which the Company owns, claims, possesses, or controls.

8.2.2. Such books, records, and financial statements of the Company and supporting documentation shall be kept, maintained, and available at the Company's office within the State of Tennessee.

8.3. Right to Inspect Books and Records; Receive Information.

8.3.1. Upon the reasonable request of a Member for a purpose reasonably related to the interest of that Member of the Company, the Company shall promptly deliver to the requesting Member at the expense of the Company a copy of this Agreement, as well as the information required to be maintained by the Company under paragraphs (1) and (3) of *Section 8.2.1.* of this Agreement.

8.3.2. Each Member and Manager has the right upon reasonable request, and for purposes reasonably related to the interest of that Member or Manager of the Company, to do the following:

(1) to inspect and copy during normal business hours any of the records required to be maintained by the Company under *Section 8.2.1* of this Agreement; and

(2) to obtain from the Company promptly after becoming available, a copy of the Company's federal, state, and local income tax or information returns for each year.

8.3.3. The Company shall send or shall cause to be sent to each Member and Interest Holder within 90 days after the end of each fiscal year of the Company: (i) such information as is necessary to complete federal and state income tax or information returns, and (ii) a copy of the Company's federal, state, and local income tax or information returns for the fiscal year.

8.3.4. Unless otherwise expressly provided in this Agreement, the inspecting or requesting Member or Manager, as the case may be, shall reimburse the Company for all reasonable costs and expenses incurred by the Company in connection with such inspection and copying of the Company's books and records and the production and delivery of any other books or records.

8.4. *Annual Accounting Period.* The annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the Board of Managers, subject to the requirements and limitations of the Code.

8.5. *Tax Matters Partner.* EDWARD LACIVITA shall be the "Tax Matters Partner", if one is required by law, for the purposes of Section 6231 of the Code or any other tax law or regulation.

Article 9

General Provisions

9.1. *Assurances.* Each Member shall execute all certificates and other documents and shall do all such filing, recording, publishing, and other acts as the Managers deem appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

9.2. *Notifications.* Any notice, demand, consent, election, offer, approval, request, or other communication (collectively a "notice") required or permitted under this Agreement must be in writing and either delivered personally or by overnight delivery service or sent by facsimile transmission or by certified or registered mail, postage prepaid, return receipt requested. Any notice to be given hereunder by the Company shall be given by any Manager. A notice must be addressed to an Interest Holder at the Interest Holder's last known address on the records of the Company. A notice to the Company must be addressed to the Company's principal office. A notice delivered personally or by facsimile transmission or by overnight delivery service shall be deemed given when it is delivered. A notice that is sent by mail will be deemed given three (3) business days after it is mailed. Any party may designate, by notice to all of the others, a substitute address or addressees for notices; and, thereafter, notices are to be directed to that substitute address or addressees.

9.3. *Specific Performance.* The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to fully remedy the injury. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any party who may be injured (in addition to any other damages or

remedies which may be available to that party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act which would constitute a breach or (ii) compelling the performance of any obligation which, if not performed, would constitute a breach.

9.4. *Complete Agreement and Amendment.* This Agreement constitutes the complete and exclusive statement of the agreement among the Members and the Managers. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. This Agreement may not be amended without the unanimous written consent of the Members.

9.5. *Applicable Law.* The construction, validity, and interpretation of the terms of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal law, not the law of conflicts, of the State of Tennessee.

9.6. *Section Titles.* The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

9.7. *Binding Provisions.* This Agreement is binding upon, and to the limited extent specifically provided herein, inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and assigns.

9.8. *Jurisdiction and Venue.* Any suit or proceeding involving any dispute or matter arising under this Agreement may only be brought in the appropriate Tennessee State Court having jurisdiction over the subject matter of the dispute or matter. All Members and Managers hereby consent to the exercise of personal jurisdiction by any such court with respect to any such proceeding.

9.9. *Terms.* Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the identity of the Person may in the context require.

9.10. *Separability of Provisions.* Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of, or affect, the remaining portions of this Agreement.

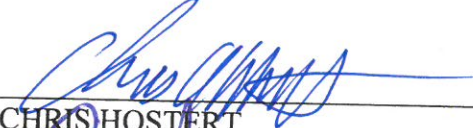
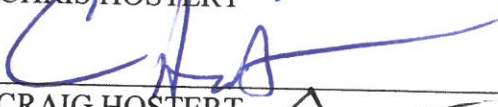

9.11. *Counterparts.* This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

9.12. *Estoppel Certificate.* Each Member shall, within ten (10) days after written request by the Managers, deliver to the requesting Person a certificate stating, to the Member's knowledge, that: (a) this Agreement is in full force and effect; (b) this Agreement has not been modified except by any instrument or instruments identified in the certificate; and (c) there is no default hereunder by the requesting Person, or if there is a default, the nature and extent thereof. If the certificate is not received within the 10-day period, the Managers shall execute and deliver the certificate on behalf of the requested Members, without qualification, pursuant to the power of attorney granted in Section 5.6.

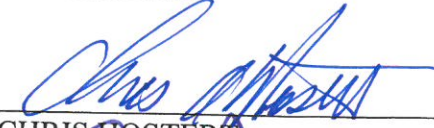
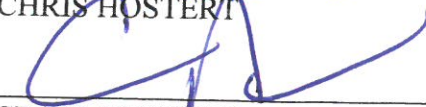

9.13. *Amendments.* This Agreement may be amended, modified or supplemented only by a writing executed by each of the Members; provided, however, that the Chief Executive Manager or his designee is hereby authorized and directed to amend Exhibit "A" to reflect changes in the information set forth on Exhibit "A" or the admission of additional Members.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth hereinabove.

MEMBERS:


CHRIS HOSTERT

CRAIG HOSTERT

EDWARD LACIVITA

MANAGERS:


CHRIS HOSTERT

CRAIG HOSTERT

EDWARD LACIVITA

**WESTPARK LAUREL CREEK, LLC
OPERATING AGREEMENT**

EXHIBIT "A"

<u>Member's Name and Address</u>	<u>Initial Capital Contribution</u>	<u>Percentage Interest and Share of Profits and Losses</u>
Chris Hostert 21321 Avenida Manantial Lake Forest, CA 92630	\$2,000.00	33-1/3%
Craig Hostert 1106 Kroeger Avenue Fullerton, CA 92831	\$2,000.00	33-1/3%
Edward LaCivita 6001 Headwaters Drive Franklin, TN 37064-1630	\$2,000.00	33-1/3%

ATTACHMENT B



Tennessee Department of Environment and Conservation
Division of Water Resources
William R. Snodgrass - Tennessee Tower
312 Rosa L. Parks Avenue, 11th Floor
Nashville, Tennessee 37243-1102
(615) 532-0625

APPLICATION FOR A STATE OPERATION PERMIT (SOP)

Type of application: ☒ New Permit ☐ Permit Reissuance ☐ Permit Modification

Permittee Identification: (Name of city, town, industry, corporation, individual, etc., applying, according to the provisions of Tennessee Code Annotated Section 69-3-108 and Regulations of the Tennessee Water Quality Control Board.)

Permittee
Name Limestone Water Utility Operating Company, LLC
(applicant):

Permittee
Address: 1630 Des Peres Rd., Suite 140, Des Peres, MO 63131

Official Contact:	Arthur Faiello	Title or Position:	Regional Manager		
Mailing Address:	1630 Des Peres Rd., Suite 140	City:	Des Peres	State:	MO
Phone number(s):	314-736-4672	E-mail:	arthur@cswrgroup.com		
			Zip:	63131	

Optional Contact:	Jo Anna McMahon	Title or Position:	Director, Environmental Health and Safety		
Address:	1630 Des Peres Rd., Suite 140	City:	Des Peres	State:	MO
Phone number(s):	314-736-4672	E-mail:	jmcmahon@cswrgroup.com		
			Zip:	63131	

Application Certification (must be signed in accordance with the requirements of Rule 0400-40-05-.05)

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations. As specified in Tennessee Code Annotated Section 39-16-702(a)(4), this declaration is made under penalty of perjury.

Name and title; print or type	Signature	Date
Josiah Cox, President		4/8/2022

Facility Identification:		Existing Permit No.	
Facility Name:	LAUREL CREEK	County:	SEVIER
Facility Address or Location:	MCMAHAN SAWMILL RD	Latitude:	35.7777282
		Longitude:	-83.653874
Name and distance to nearest receiving waters: LAUREL CREEK, 60'			
If any other State or Federal Water/Wastewater Permits have been obtained for this site, list their permit numbers:			
Name of company or governmental entity that will operate the permitted system: BIOMANAGEMENT			
Operator address: PAUL CLEVINGER 3378 THOMASWOOD TRL SEVIERVILLE TN 37876			
Has the owner/operator filed for a Certificate of Convenience & Necessity (CCN), or an amended CCN, with the Tennessee Regulatory Authority (TRA) (may be required for collection systems and land application treatment systems)? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A			
If the applicant listed above does not yet own the facility/site or if the applicant will not be the operator, explain how and when the ownership will be transferred or describe the contractual arrangement and renewal terms of the contract for operations.			
Complete the following information explaining the entity type, number of design units, and daily design wastewater flow:			
<u>Entity Type</u>	<u>Number of Design Units</u>		<u>Flow (gpd)</u>
<input type="checkbox"/> City, town or county	No. of connections:		
<input checked="" type="checkbox"/> Subdivision	No. of homes: 11	Avg. No. bedrooms per home: 4.54	5000
<input type="checkbox"/> School	No. of students:	Size of cafeteria(s): No. of showers:	
<input type="checkbox"/> Apartment	No. of units:	No. units with Washer/Dryer hookups: No. units without W/D hookups:	
<input type="checkbox"/> Commercial Business	No. of employees:	Type of business:	
<input type="checkbox"/> Industry	No. of employees:	Product(s) manufactured:	
<input type="checkbox"/> Resort	No. of units:		
<input type="checkbox"/> Camp	No. of hookups:		
<input type="checkbox"/> RV Park	No. of hookups:	No. of dump stations:	
<input type="checkbox"/> Car Wash	No. of bays:		
<input type="checkbox"/> Other			
Describe the type and frequency of activities that result in wastewater generation.			

Engineering Report (required for collection systems and/or land application treatment systems):	<input type="checkbox"/> N/A
<input checked="" type="checkbox"/> Prepared in accordance with Rule 0400-40-05-.03 and Section 1.2 of the State of Tennessee Design Criteria for Sewage Works	
<input type="checkbox"/> Attached, or	
<input type="checkbox"/> Previously submitted and entitled:	Approved? <input type="checkbox"/> Yes. Date: <input type="checkbox"/> No
Operation and Maintenance Inspection Schedule Submitted:	
Approved? <input type="checkbox"/> Yes. Date: <input type="checkbox"/> No	

Wastewater Collection System:	<input type="checkbox"/> N/A
System type (i.e., gravity, low pressure, vacuum, combination, etc.): FORCED MAIN	
System Description: 945' 2" PVC 40 FM	
Describe methods to prevent and respond to any bypass of treatment or discharges (i.e., power failures, equipment failures, heavy rains, etc.):	
In the event of a system failure describe means of operator notification: AUTO TEXT MSG	
List the emergency contact(s) (name/phone): PAUL CLEVINGER	
For low-pressure systems, who is responsible for maintenance of STEP/STEG tanks and pumps or grinder pumps (list all contact information)? HOME OWNERS	
Approximate length of sewer (excluding private service lateral): 945'	
Number/hp of lift stations: 0 / Number/hp of lift pumps 0 /	
Number/volume of low pressure and or grinder pump tanks 0 /	
Number/volume septic tanks 11 / 1500	
Attach a schematic of the collection system. <input type="checkbox"/> Attached	
If this is a satellite sewer and you are tying in to another sewer system complete the following section, listing tie-in points to the sewer system and their location (attach additional sheets as necessary):	
<u>Tie-in Point</u>	<u>Latitude (xx.xxxx°)</u>
<u>Longitude (xx.xxxx°)</u>	

Land Application Treatment System:	<input type="checkbox"/> N/A
Type of Land Application Treatment System: <input checked="" type="checkbox"/> Drip <input type="checkbox"/> Spray <input type="checkbox"/> Other, explain:	
Type of treatment facility preceding land application (recirculating media filters, lagoons, other, etc.):	RECIRCULATING MEDIA FILTERS
Attach a treatment schematic. <input checked="" type="checkbox"/> Attached	
Describe methods to prevent and respond to any bypass of treatment or discharges (i.e., power failures, equipment failures, heavy rains, etc.):	
For New or Modified Projects:	
Name of Developer for the project:	WESTPARK INVESTMENTS LLC
Developer address and phone number:	6001 HEADWATERS DR FRANKLIN TN
For land application, list: Proposed acreage involved:	1ac
Inches/week gpd/sq.ft loading rate to be applied:	
Is wastewater disinfection proposed?	
<input checked="" type="checkbox"/> Yes Describe land application area access:	
<input type="checkbox"/> No Describe how access to the land application area will be restricted:	
Attach required additional Engineering Report Information (see website for more information)	
<input checked="" type="checkbox"/> Topographic map (1:24,000 scale presented at a six inch by six inch minimum size) showing the location of the project including quadrangle(s) name(s) GPS coordinates, and latitude and longitude in decimal degrees should also be included.	
<input checked="" type="checkbox"/> Scaled layout of facility showing the following: lots, buildings, etc. being served, the wastewater collection system routes, the pretreatment system location, the proposed land application area(s), roads, property boundaries, and sensitive areas such as streams, lakes, springs, wells, wellhead protection areas, sinkholes and wetlands.	
<input checked="" type="checkbox"/> Soils information for the proposed land disposal area in the form of a Water Resources Soils Map per Chapter 16 and 17 State of Tennessee Design Criteria for Sewage Work. The soils information should include soil depth (borings to a minimum of 4 feet or refusal) and soil profile description for each soil mapped.	
<input checked="" type="checkbox"/> Topographic map of the area where the wastewater is to be land applied with no greater than ten foot contours presented at a minimum size of 24 inches by 24 inches.	
<input checked="" type="checkbox"/> Describe alternative application methods based on the following priority rating: (1) connection to a municipal/public sewer system, (2) connection to a conventional subsurface disposal system as regulated by the Division of Groundwater Protection, and/or (3) land application.	

For Drip Dispersal Systems Only: Unless otherwise determined by the Department, sewage treatment effluent wells, i.e, large capacity treatment/drip dispersal systems after approval of the SOP Application, will be issued an UIC tracking number and will be authorized as Permit by Rule per UIC Rule 0400-45-06-.14(2) and upon issue of a State Operating Permit and Sewage System Construction Approval by the Department. Describe the following:	<input type="checkbox"/> N/A
The area of review (AOR) for each Drip Dispersal System shall, unless otherwise specified by the Department, consist of the area lying within a one mile radius or an area defined by using calculations under 0400-45-06-.09 of the Drip Dispersal System site or facility, and shall include, but not be limited to general surface geographic features, general subsurface geology, and general demographic and cultural features within the area. Attach to this part of the application a general characterization of the AOR, including the following: (This can be in narrative form)	
<input type="checkbox"/> A general description of all past and present groundwater uses as well as the general groundwater flow direction and general water quality.	
<input checked="" type="checkbox"/> A general description of the population and cultural development within the AOR (i.e. agricultural, commercial, residential or mixed)	
<input checked="" type="checkbox"/> Nature of injected fluid to include physical, chemical, biological or radiological characteristics.	
<input type="checkbox"/> If groundwater is used for drinking water within the area of review, then identify and locate on a topographic map all groundwater withdrawal points within the AOR, which supply public or private drinking water systems. Or supply map showing general location of publicly supplied water for the area (this can be obtained from the water provider)	
<input type="checkbox"/> If the proposed system is located within a wellhead protection area or source water protection area designated by Rule 0400-45-01-.34, show the boundary of the protection area on the facility site plan.	
<input checked="" type="checkbox"/> Description of system, Volume of injected fluid in gallons per day based upon design flow, including any monitoring wells	
<input type="checkbox"/> Nature and type of system, including installed dimensions of wells and construction materials	

Pump and Haul:	<input type="checkbox"/> N/A
Reason system cannot be served by public sewer: NONE AVAILABLE	
Distance to the nearest manhole where public sewer service is available: +1 MILE	
When sewer service will be available: NO PLAN FOR THIS AREA	
Volume of holding tank: 10,000 gal.	
Tennessee licensed septage hauler (attach copy of agreement):	
Facility accepting the septage (attach copy of acceptance letter):	
Latitude and Longitude (in decimal degrees) of approved manhole for discharge of septage:	
Describe methods to prevent and respond to any bypass of treatment or discharges (i.e., power failures, equipment failures, heavy rains, etc.):	

Holding Ponds (for non-domestic wastewater only):	<input checked="" type="checkbox"/> N/A
Pond use: <input type="checkbox"/> Recirculation <input type="checkbox"/> Sedimentation <input type="checkbox"/> Cooling <input type="checkbox"/> Other (describe):	
Describe pond use and operation:	
If the pond(s) are existing pond(s), what was the previous use?	
Have you prepared a plan to dispose of rainfall in excess of evaporation? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If so, describe disposal plan:	
Is the pond ever dewatered? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If so, describe the purpose for dewatering and procedures for disposal of wastewater and/or sludge:	
Is(are) the pond(s) aerated? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Volume of pond(s): _____ gal.	Dimensions: _____
Is the pond lined (Note if this is a new pond system it must be lined for SOP coverage. Otherwise, you must apply for an Underground Injection Control permit.)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Describe the liner material (if soil liner is used give the compaction specifications):	
Is there an emergency overflow structure? <input type="checkbox"/> Yes <input type="checkbox"/> No	
<i>If so, provide a design drawing of structure.</i>	
Are monitoring wells or lysimeters installed near or around the pond(s)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
<i>If so, provide location information and describe monitoring protocols (attach additional sheets as necessary):</i>	

Mobile Wash Operations:		<input checked="" type="checkbox"/> N/A
<input type="checkbox"/> Individual Operator <input type="checkbox"/> Fleet Operation Operator		
Indicate the type of equipment, vehicle, or structure to be washed during normal operations (check all that apply):		
<input type="checkbox"/> Cars <input type="checkbox"/> Parking Lot(s): sq. ft.		
<input type="checkbox"/> Trucks <input type="checkbox"/> Windows: sq. ft.		
<input type="checkbox"/> Trailers (Interior washing of dump-trailers, or tanks, is prohibited.) <input type="checkbox"/> Structures (describe):		
<input type="checkbox"/> Other (describe):		
Wash operations take place at (check all that apply):		
<input type="checkbox"/> Car sales lot(s) <input type="checkbox"/> Public parking lot(s)		
<input type="checkbox"/> Private industry lot(s) <input type="checkbox"/> Private property(ies)		
<input type="checkbox"/> County(ies), list: <input type="checkbox"/> Statewide		
Wash equipment description:		
<input type="checkbox"/> Truck mounted <input type="checkbox"/> Trailer mounted		
<input type="checkbox"/> Rinse tank size(s) (gal.): <input type="checkbox"/> Mixed tanks size(s) (gal.):		
<input type="checkbox"/> Collection tank size(s) (gal.): Number of tanks per vehicle:		
Pressure washer: psi (rated) gpm (rated)		
<input type="checkbox"/> gas powered <input type="checkbox"/> electric		
Vacuum system manufacturer/model: Vacuum system capacity: inches Hg		
Describe any other method or system used to contain and collect wastewater:		
List the public sewer system where you are permitted or have written permission to discharge waste wash water (include a copy of the permit or permission letter):		
Are chemicals pre-mixed, prior to arriving at wash location? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Describe all soaps, detergents, or other chemicals used in the wash operation (attach additional sheets as necessary):		
Chemical name:	Manufacturer:	Primary CAS No. or Product No.



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

William R. Snodgrass - Tennessee Tower
312 Rosa L. Parks Avenue, 11th Floor
Nashville, Tennessee 37243-1102

July 6, 2022

Mr. Douglas S. Hodge
President
DSH & Associates, LLC
e-copy: hodge.dsh@gmail.com
2099 Thunderhead Rd., Ste 204
Knoxville, TN 37922

Subject: Engineering Report and Preliminary Plans Laurel Creek WWTS
Wastewater Project Number: 22.0140
SOP-22008
County: Sevier

Dear Mr. Hodge:

The Tennessee Department of Environment and Conservation, Division of Water Resources, acknowledges the receipt of the above-referenced engineering report (ER) and Preliminary Plans (PP). The ER-PP will be used to provide an engineering basis of design for the final plans and specifications for the Laurel Creek WWTS. This project is affiliated with SOP-22008 and will consist of a 11 lot residential subdivision with lots made up of 4 to 6 bedroom homes with aggregate of no more than 50 bedrooms. The decentralized wastewater system will utilize watertight, precast concrete septic tanks for each home with STEP system pumps and controls and PVC pipe collection force mains. The secondary fixed film treatment system will be a Orenco System Advantex packed bed reactor sized at 5,000 GPD treatment capacity. Treated effluent will be reused on the property by a NetaFim drip irrigation system utilizing a 0.25 GPD/SF soil loading rate..

Any substantial changes to the engineering report should be submitted to the Division for comment prior to submittal of the final plans and specifications.

The Division's most recent TDEC Technical/Engineering Documents, including "Design Criteria for Sewage Works Construction Plans and Documents", Chapters 1-17 is available on our website: <https://www.tn.gov/environment/program-areas/wr-water-resources/water-quality/water-quality-reports---publications.html>.

To expedite matters, please reference **WPN22.0140** on any future correspondence. If we may be of any assistance, please feel free to contact me at (615) 681-3339 or by E-mail at *Robert.Odette@tn.gov*.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert O'Dette".

Robert G. O'Dette, M.S., P.E. BCEE
WEF Fellow
Engineering Service Unit

cc:

Mr. Craig Hostert, Managing Member, Westpark Laurel Creek, LLC, craigh@parkwestgc.com
Mr. Michael J. Atchley, Unit Manager, TDEC Division of Water Resources, Michael.Atchley@tn.gov



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

William R. Snodgrass - Tennessee Tower
312 Rosa L. Parks Avenue, 11th Floor
Nashville, Tennessee 37243-1102

July 1, 2022

Mr. Arthur Faiello
Regional Manager
Limestone Water Utility Operating Company, LLC
e-copy: arthur@cwsrgroup.com
1630 Des Peres Road Suite 140
Des Peres, MO 63131

Subject: **Draft of State Operating Permit No. SOP-22008**
Limestone Water Utility Operating Company, LLC
West Park SD
Sevierville, Sevier County, Tennessee

Dear Mr. Faiello:

Enclosed please find one copy of the draft state operating permit, which the Division of Water Resources (the division) proposes to issue. The issuance of this permit is contingent upon your meeting all of the requirements of the Tennessee Water Quality Control Act and the rules and regulations of the Tennessee Water Quality, Oil and Gas Board.

If you disagree with the provisions and requirements contained in the draft permit, you have thirty (30) days from the date of this correspondence to notify the division of your objections. If your objections cannot be resolved, you may appeal the issuance of this permit. This appeal should be filed in accordance with Section 69-3-110, Tennessee Code Annotated.

If you have questions, please contact the Knoxville Environmental Field Office at 1-888-891-TDEC; or, at this office, please contact Mr. Bryan Pope at (931) 722-9592 or by E-mail at *Bryan.Pope@tn.gov*.

Sincerely,

Brad Harris, P.E.
Manager, Land-Based Systems

Enclosure

cc: Permit File
Knoxville Environmental Field Office
Ms. Jo Anna McMahon, Director - Environmental Health & Safety, Limestone Water Utility Operating Company LLC,
jmcmahon@cswrgroup.com

STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES
William R. Snodgrass - Tennessee Tower
312 Rosa L. Parks Avenue, 11th Floor
Nashville, Tennessee 37243-1102

Permit No. SOP-22008

PERMIT

For the operation of Wastewater Treatment Facilities

In accordance with the provision of Tennessee Code Annotated section 69-3-108 and Regulations promulgated pursuant thereto:

PERMISSION IS HEREBY GRANTED TO

Limestone Water Utility Operating Company, LLC
West Park SD
Sevierville, Sevier County, Tennessee

FOR THE OPERATION OF

STEP / STEG drip dispersal with disinfected wastewater and recirculating media system located at latitude 35.777728 and longitude -83.653874 in Sevier County, Tennessee to serve approximately 11 homes in the West Park subdivision(s). The design capacity of the system is .005 MGD and will be dispersed on approximately 1 acre of suitable soils.

This permit is issued as a result of the application filed on March 8, 2022, in the office of the Tennessee Division of Water Resources. This permit is contingent on the submission and department approval of construction plans, specifications and other data in accordance with rules of the department. Updated plans and specifications must be approved before any further construction activity.

This permit shall become effective on:

This permit shall expire on:

Issuance date:

for Jennifer Dodd
Director

A. GENERAL REQUIREMENTS

The treatment system shall be monitored by the permittee as specified below:

<u>Parameter</u>	<u>Sample Type</u>	<u>Daily Maximum</u>	<u>Monthly Average</u>	<u>Measurement Frequency</u>
Flow *	Totalizer			Daily
BOD ₅	Grab	45 mg/l	N/A	Once/Year
Ammonia as N	Grab	Report	N/A	Once /Quarter
<i>E. Coli</i>	Grab	941 colonies/100 ml	N/A	Once /Quarter

* Report average daily flow for each calendar month.

Sampling requirements in the table above apply to effluent being discharged to the drip irrigation plots.

This permit allows the operation of a drip irrigation, treatment, and storage system with disposal of treated wastewater through approved drip dispersal areas. There shall be no discharge of wastewater to any surface waters or to any location where it is likely to enter surface waters. There shall be no discharge of wastewater to any open throat sinkhole. In addition, the drip irrigation system shall be operated in a manner preventing the creation of a health hazard or a nuisance.

The land application component shall be operated and maintained to ensure complete hydraulic infiltration within the soil profile, transmission of the effluent away from the point of application, and full utilization of the soil profile as a portion of the treatment system.

Instances of surface saturation, ponding or pooling within the land application area as a result of system operation are prohibited. Instances of surface saturation, ponding or pooling shall be promptly investigated and noted on the Monthly Operations Report. The report shall include details regarding location(s), determined cause(s), the actions taken to eliminate the issue, and the date the corrective actions were made. Any instances of surface saturation, ponding or pooling not associated with a major precipitation event not corrected within three days of discovery shall be reported to the local Environmental Field Office at that time for investigation. Surface saturation, ponding or pooling resulting in the discharge of treated wastewater into Waters of the State or to locations where it is likely to move to Waters of the State shall be immediately reported to the local Environmental Field Office, unless the discharge is separately authorized by a NPDES permit.”

The permittee must disinfect the wastewater in order to meet the above *E. Coli* limit.

All drip lines shall be buried and maintained 6 to 10 inches below the ground surface.

The site shall be inspected by the certified operator or his/her designee, at a minimum, once per fourteen days (default) OR in accordance with an operating and maintenance inspection schedule in the permit administrative file record. The default inspection frequency will apply if an operating and maintenance inspection schedule is not submitted to be a part of the permit administrative file record. The operating and maintenance inspection schedule shall at a minimum evaluate the following via onsite visits or telemetry monitoring or a combination of the two:

- the condition of the treatment facility security controls (doors, fencing, gates, etc.),
- the condition of the drip area security controls (doors, fencing, gates, etc.),
- the condition of the site signage,
- the operational status of the mechanical parts of the treatment system (pumps, filters, telemetry equipment, etc.)
- the condition of the UV bulbs (if applicable)
- the condition of the land application area including the location of any ponding
- the name of the inspector
- the description of any corrective actions

Submission of the schedule, or revisions to the schedule, may be submitted to the division electronically. The schedule shall be submitted on or before the effective date of the permit. The permittee is responsible for maintaining evidence that the schedule, or revisions, have been submitted to the division.

B. MONITORING PROCEDURES

1. Representative Sampling

Samples and measurements taken in compliance with the monitoring requirements specified above shall be representative of the volume and nature of the monitored discharge, and shall be taken at the following location(s):

Effluent to drip irrigation plots.

2. Test Procedures

Unless otherwise noted in the permit, all pollutant parameters shall be determined according to methods prescribed in Title 40, CFR, Part 136.

C. DEFINITIONS

The "daily maximum concentration" is a limitation on the average concentration, in milligrams per liter, of the discharge during any calendar day.

The "***monthly average concentration***", other than for *E. coli* bacteria, is the arithmetic mean of all the composite or grab samples collected in a one-calendar month period.

A "grab sample" is a single influent or effluent sample collected at a particular time.

For the purpose of this permit, "*continuous monitoring*" means collection of samples using a probe and a recorder with at least one data point per dosing cycle.

A "quarter" is defined as any one of the following three-month periods: January 1 through March 31, April 1 through June 30, July 1 through September 30, and/or October 1 through December 31.

"Wastewater" for the purpose of this permit means "sewage" as defined in TCA 69-3-103

D. REPORTING

1. Monitoring Results

Monitoring results shall be recorded consistent with the general requirements imposed in Part A above OR in accordance with the operating and maintenance inspection schedule in the permit administrative file record and submitted quarterly.

Submittals shall be postmarked no later than 15 days after the completion of the reporting period. A copy should be retained for the permittee's files. Monitoring results shall be reported in a format approved by the division. Operation reports and any communication regarding compliance with the conditions of this permit must be sent to:

Division of Water Resources
Knoxville Environmental Field Office
3711 Middlebrook Pike
Knoxville, TN 37921

Sampling results may be submitted electronically to: DWRWW.Report@tn.gov.

The first operation report is due on the 15th of the month following the quarter containing the permit effective date. Until the construction of the treatment system is complete and the treatment system is placed into operation, operational reports shall report "monitoring not required".

2. Additional Monitoring by Permittee

If the permittee monitors any pollutant at the location(s) designated herein more frequently than required by this permit, using approved analytical methods as specified in Rule 0400-40-05-.07(2)(h)2, the results of such monitoring shall be included in the calculation and reporting of the values required in the Quarterly Operation Report. Such increased frequency shall also be indicated.

3. Falsifying Reports

Knowingly making any false statement on any report required by this permit may result in the imposition of criminal penalties as provided for in Section 69-3-115 of the Tennessee Water Quality Control Act.

4. Signatory Requirement

All reports or information submitted to the commissioner shall be signed and certified by the persons identified in Rules 0400-40-05-.05(6)(a-c).

PART II

A. GENERAL PROVISIONS

1. Duty to Reapply

The permittee is not authorized to discharge after the expiration date of this permit. In order to receive authorization to discharge beyond the expiration date, the permittee shall submit such information and forms as are required to the Director of Water Resources (the "Director") no later than 180 days prior to the expiration date.

2. Right of Entry

The permittee shall allow the Director, or authorized representatives, upon the notification of permittee and presentation of credentials:

a. To enter upon the permittee's premises where an effluent source is located or where records are required to be kept under the terms and conditions of this permit, and at reasonable times to copy these records;

b. To inspect at reasonable times any monitoring equipment or method or any collection, treatment, pollution management, or discharge facilities required under this permit; and

c. To sample at reasonable times any discharge of pollutants.

3. Availability of Reports

All reports prepared in accordance with the terms of this permit shall be available for public inspection at the offices of the Division of Water Resources.

4. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems (and related appurtenances) for collection and treatment which are installed or used by the permittee to achieve compliance with the terms and conditions of this permit. Proper operation and maintenance also includes adequate laboratory and process controls and appropriate quality assurance procedures. This provision requires the operation of backup or auxiliary facilities or similar systems which are installed by a permittee only when the operation is necessary to achieve compliance with the conditions of the permit. Backup continuous pH and flow monitoring equipment are not required.

The monitoring frequency stated in this permit shall not be construed as specifying a minimum level of operator attention to the facility. It is anticipated that visits to the treatment facility by the operator will occur at intervals frequent enough to assure proper operation and maintenance, but in no case less than one visit every fourteen days OR in accordance with an operating and maintenance inspection schedule in the permit administrative file record. If monitoring reports, division's inspection reports, or other information indicates a problem with the facility, the permittee may be subject to enforcement action and/or the permit may be modified to include increased parameter monitoring, increased monitoring frequency or other requirements as deemed necessary by the division to correct the problem. The permittee shall ensure that the certified operator is in charge of the facility and observes the operation of the system frequently enough to ensure its proper operation and maintenance regardless of the monitoring frequency stated in the permit

Dilution water shall not be added to comply with effluent requirements.

5. Property Rights

The issuance of this permit does not convey any property rights in either real or personal property, or any exclusive privileges, nor does it authorize any injury to private property or any invasion of personal rights, nor any infringement of Federal, State, or local laws or regulations.

6. Severability

The provisions of this permit are severable. If any provision of this permit due to any circumstance, is held invalid, then the application of such provision to other circumstances and to the remainder of this permit shall not be affected thereby.

7. Other Information

If the permittee becomes aware that he failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Director, then he shall promptly submit such facts or information.

B. CHANGES AFFECTING THE PERMIT

1. Planned Changes

The permittee shall give notice to the Director as soon as possible of any planned physical alterations or additions to the permitted facility.

2. Permit Modification, Revocation, or Termination

a. This permit may be modified, revoked and reissued, or terminated for cause as described in Section 69-3-108 (h) of the Tennessee Water Quality Control Act as amended.

b. The permittee shall furnish to the Director, within a reasonable time, any information which the Director may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this permit, or to determine compliance with this permit. The permittee shall also furnish to the Director, upon request, copies of records required to be kept by this permit.

3. Change of Ownership

This permit may be transferred to another person by the permittee if:

a. The permittee notifies the Director of the proposed transfer at least 30 days in advance of the proposed transfer date;

b. The notice includes a written agreement between the existing and new permittees containing a specified date for transfer of permit responsibility, coverage, and liability between them; and

c. The Director, within 30 days, does not notify the current permittee and the new permittee of his intent to modify, revoke or reissue, or terminate the permit and to require that a new application be filed rather than agreeing to the transfer of the permit.

4. Change of Mailing Address

The permittee shall promptly provide to the Director written notice of any change of mailing address. In the absence of such notice the original address of the permittee will be assumed to be correct.

C. NONCOMPLIANCE

1. Effect of Noncompliance

Any permit noncompliance constitutes a violation of applicable State laws and is grounds for enforcement action, permit termination, permit modification, or denial of permit reissuance.

2. Reporting of Noncompliance

a. 24-Hour Reporting

In the case of any noncompliance which could cause a threat to public drinking supplies, or any other discharge which could constitute a threat to human health or the environment, the required notice of non-compliance shall be provided to the appropriate Division environmental field office within 24 hours from the time the permittee becomes aware of the circumstances. (The environmental field office should be contacted for names and phone numbers of emergency response personnel.)

A written submission must be provided within five days of the time the permittee becomes aware of the circumstances unless this requirement is waived by the Director on a case-by-case basis. The permittee shall provide the Director with the following information:

- i. A description of the discharge and cause of noncompliance;
- ii. The period of noncompliance, including exact dates and times or, if not corrected, the anticipated time the noncompliance is expected to continue; and
- iii. The steps being taken to reduce, eliminate, and prevent recurrence of the non complying discharge.

b. Scheduled Reporting

For instances of noncompliance which are not reported under subparagraph 2.a. above, the permittee shall report the noncompliance on the Quarterly Operation Report. The report shall contain all information concerning the steps taken, or planned, to reduce, eliminate, and prevent recurrence of the violation and the anticipated time the violation is expected to continue.

3. Overflow

a. "**Overflow**" means the discharge of wastewater from any portion of the collection, transmission, or treatment system other than through permitted outfalls.

b. Overflows are prohibited.

c. The permittee shall operate the collection system so as to avoid overflows.

d. No new or additional flows shall be added upstream of any point in the collection system, which experiences chronic overflows (greater than 5 events per year) or would otherwise

overload any portion of the system. Unless there is specific enforcement action to the contrary, the permittee is relieved of this requirement after: 1) an authorized representative of the Commissioner of the Department of Environment and Conservation has approved an engineering report and construction plans and specifications prepared in accordance with accepted engineering practices for correction of the problem; 2) the correction work is underway; and 3) the cumulative, peak-design, flows potentially added from new connections and line extensions upstream of any chronic overflow point are less than or proportional to the amount of inflow and infiltration removal documented upstream of that point. The inflow and infiltration reduction must be measured by the permittee using practices that are customary in the environmental engineering field and reported in an attachment to a Monthly Operating Report submitted to the local TDEC Environmental Field Office on a quarterly basis. The data measurement period shall be sufficient to account for seasonal rainfall patterns and seasonal groundwater table elevations.

e. In the event that more than 5 overflows have occurred from a single point in the collection system for reasons that may not warrant the self-imposed moratorium or completion of the actions identified in this paragraph, the permittee may request a meeting with the Division of Water Resources EFO staff to petition for a waiver based on mitigating evidence.

4. Upset

a. "*Upset*" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation.

b. An upset shall constitute an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the permittee demonstrates, through properly signed, contemporaneous operating logs, or other relevant evidence that:

- i. An upset occurred and that the permittee can identify the cause(s) of the upset;
- ii. The permitted facility was at the time being operated in a prudent and workman-like manner and in compliance with proper operation and maintenance procedures;
- iii. The permittee submitted information required under "Reporting of Noncompliance" within 24-hours of becoming aware of the upset (if this information is provided orally, a written submission must be provided within five days); and
- iv. The permittee complied with any remedial measures required under "Adverse Impact."

5. Adverse Impact

The permittee shall take all reasonable steps to minimize any adverse impact to the waters of Tennessee resulting from noncompliance with this permit, including such accelerated

or additional monitoring as necessary to determine the nature and impact of the noncomplying discharge. It shall not be a defense for the permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

6. Bypass

- a. **"Bypass"** is the intentional diversion of wastewater away from any portion of a treatment facility.
- b. Bypasses are prohibited, unless:
 - i. The bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
 - ii. There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance; and
 - iii. For anticipated bypass, the permittee submits prior notice, if possible at least ten days before the date of the bypass; or
 - iv. For unanticipated bypass, the permittee submits notice of an unanticipated bypass within 24 hours from the time that the permittee becomes aware of the bypass.
- c. A bypass that does not cause effluent limitations to be exceeded may be allowed only if the bypass is necessary for essential maintenance to assure efficient operation.
- d. "Severe property damage" when used to consider the allowance of a bypass means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

D. LIABILITIES

1. Civil and Criminal Liability

Nothing in this permit shall be construed to relieve the permittee from civil or criminal penalties for noncompliance. Notwithstanding this permit, the permittee shall remain liable for any damages sustained by the State of Tennessee, including but not limited to fish kills and losses of aquatic life and/or wildlife, as a result of the discharge of wastewater to any surface or subsurface waters. Additionally, notwithstanding this Permit, it shall be the responsibility of the permittee to conduct its wastewater treatment and/or discharge activities in a manner such that public or private nuisances or health hazards will not be created.

2. Liability Under State Law

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties established pursuant to any applicable State law.

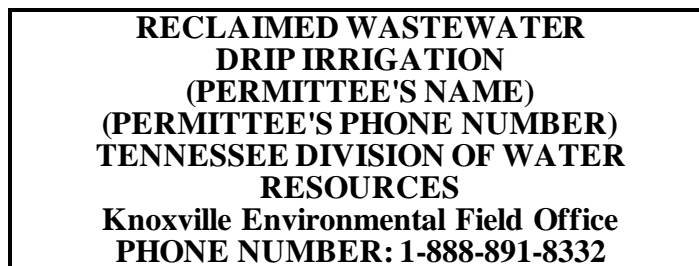
PART III OTHER REQUIREMENTS

A. CERTIFIED OPERATOR

The waste treatment facilities shall be operated under the supervision of a Biological Natural System certified wastewater treatment operator in accordance with the Water Environmental Health Act of 1984.

B. PLACEMENT OF SIGNS

The permittee shall place a sign at the entrance to the land application area if fenced or all reasonable approaches to the land application area. The sign should be clearly visible to the public. The minimum sign size should be two feet by two feet (2' x 2') with one inch (1") letters. The sign should be made of durable material



No later than sixty (60) days from the effective date of the permit, the permittee shall have the above sign(s) on display in the location specified. New facilities must have the signs installed upon commencing operation.

C. ADDITION OF WASTE LOADS

The permittee may not add wasteloads to the existing treatment system without the knowledge and approval of the division.

D. SEPTIC (STEP) TANK OPERATION

The proper operation of this treatment system depends, largely, on the efficient use of the septic tank. The solids that accumulate in the tank shall be removed at a frequency that is sufficient to insure that the treatment plant will comply with the discharge requirements of this permit.

E. SEPTAGE MANAGEMENT PRACTICES

The permittee must comply with the provisions of Rule 0400-48-01-.22. If the septage is transported to another POTW for disposal, the permittee shall note the amount of septage wasted in gallons and name of the facility the hauler intends to use for disposal of the septage on the monthly operation report. Sludge or any other material removed by any treatment works must be disposed of in a manner which prevents its entrance into or pollution of any surface or subsurface waters. Additionally, the disposal of such sludge or other material must be in compliance with the Tennessee Solid Waste Disposal Act, TCA 68-31-101 et seq. and Tennessee Hazardous Waste Management Act, TCA 68-46-101 et seq.

F. OWNERSHIP OF THE TREATMENT FACILITIES

a. The permittee shall own the treatment facilities (and the land upon which they are constructed) including the land to be utilized for drip or spray irrigation. Evidence of ownership of the treatment facility and land application site(s) must be furnished to the division for approval prior to initiation of operation the wastewater collection and treatment system for sewer service to any structure.

b. Where the treatment facility serves private homes, condominiums, apartments, retirement homes, nursing homes, trailer parks, or any other place where the individuals being served have property ownership, rental agreements, or other agreements that would prevent their being displaced in the event of abandonment or noncompliance of the sewerage system, ownership of the treatment facilities must be by a municipality, a public utility, a wastewater authority, or a privately owned public utility (having a Certificate of Convenience and Necessity from the Tennessee Public Utility Commission) or another public agency.

Attachment 1

RATIONALE

Limestone Water Utility Operating Company, LLC

STATE OPERATION PERMIT NO. SOP-22008

Sevierville, Sevier County, Tennessee

Permit Writer: Mr. Bryan Pope

FACILITY CONTACT INFORMATION:

Mr. Arthur Faiello
Regional Manager
Phone: (314) 736-4672
arthur@cwsrgroup.com
McMahan Sawmill Road
Des Peres, MO 63131

Activity Description: Treatment of domestic wastewater via a decentralized waste water system to support construction of

Facility location: Latitude 35.777728 and Longitude -83.653874

Name of the nearest stream: No discharge allowed.

Treatment system:

Permit period: This permit will be issued for a five year period effective from the issuance date on the title page.

Terms & Conditions: BOD₅ is a standard measure of sewage strength. The 45 mg/L daily maximum limit is the required treatment standard for domestic waste water in Tennessee. Ammonia and BOD₅ reporting serve to demonstrate the treatment system is meeting minimum treatment standards. Land application, versus stream discharge, enables reduced monitoring frequency for these parameters. Narrative conditions for drip disposal and septage management are proposed in support of proper system operation to prevent runoff to streams and avoidance of nuisance conditions. E.coli limits apply when the diposal area is not fenced.

Financial Security: Municipalities and Utility Districts are government entities exempt from the financial security requirement in TCA 69-3-122

Annual Maintenance Fee: An annual maintenance fee for the permit will apply after permit issue and upon receipt of an invoice. The fee is currently \$350.00 for non-discharging facilities with influent flow less than 0.075 MGD.

**Items Requisite for
Operation:**

This draft permit proposes terms and conditions for planning purposes and to seek public comment on the potential water quality impacts of the proposed activity. Actual operation of the sewerage system is contingent on the following items (items may occur in any order):

- Approval of sewerage system construction plans and specifications per TCA 69-3-108(i),
- Final construction inspection and submission of O & M manual per Rule 0400-40-02-.09,
- Utility ownership of sewerage system assets consistent with Rule 0400-40-16-.02(8). Sewerage system assets broadly consist of those units integral to the collection, treatment and disposal of both the solid and liquid component of sewage (i.e. septic tanks and pumps, collection lines, treatment system and drip irrigation area and related appurtenances), and
- Final issue of the permit.

ATTACHMENT C

Sevier (078)	Jan 1 Owner	Current Owner	MCMAHAN SAWMILL RD 2904				
Tax Year 2024 Reappraisal 2021	WESTPARK LAUREL CREEK LLC	3156 E LA PALMA AVE SUITE J	Ctrl Map:	Group:	Parcel:	PI:	SI:
	3156 E LA PALMA AVE SUITE J	ANAHEIM CA 92806	092		020.01		000
	ANAHEIM CA 92806						

Value Information

Land Market Value:	\$28,700
Improvement Value:	\$0
Total Market Appraisal:	\$28,700
Assessment Percentage:	25%
Assessment:	\$7,175

Additional Information

General Information

Class: 00 - Residential	City:
City #:	Special Service District 2: 000
Special Service District 1: 000	Neighborhood: I01
District: 16	Number of Mobile Homes: 1
Number of Buildings: 0	Utilities - Electricity: 01 - PUBLIC
Utilities - Water/Sewer: 11 - INDIVIDUAL / INDIVIDUAL	Zoning: R-1
Utilities - Gas/Gas Type: 00 - NONE	

Outbuildings & Yard Items

Building #	Type	Description	Units
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Sale Information

Long Sale Information list on subsequent pages

Land Information

Deed Acres: 1.08	Calculated Acres: 0	Total Land Units: 1.08
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Land Code	Soil Class	Units
03 - SMALL TRACT		1.08

Sale Information						
Sale Date	Price	Book	Page	Vacant/Improved	Type Instrument	Qualification
10/1/2021	\$0	5918	92		QC - QUITCLAIM DEED	-
6/9/2021	\$270,000	5810	343	I - IMPROVED	WD - WARRANTY DEED	N - NON-ARM'S LENGTH
9/1/2011	\$120,000	3786	547	I - IMPROVED	WD - WARRANTY DEED	N - NON-ARM'S LENGTH
12/18/1992	\$21,000	489	334	I - IMPROVED	WD - WARRANTY DEED	M - PHYSICAL DIFFERENCE
11/28/1990	\$15,000	447	350	I - IMPROVED	WD - WARRANTY DEED	A - ACCEPTED
10/30/1978	\$0	281	499		-	-

EXHIBIT 5.2

Pro Forma Income Statement

INCOME STATEMENT

	Year 1	Year 2	Year 3
OPERATING REVENUE			
Metered service revenue	\$ 729	\$ 729	\$ 729
Flat rate service revenue	\$ 6,199	\$ 6,199	\$ 6,199
Re-connect fees	\$ 146	\$ 146	\$ 146
Returned check charge	\$ 73	\$ 73	\$ 73
Late payment charge	\$ 146	\$ 146	\$ 146
Total Operating Revenue	\$ 7,293	\$ 7,293	\$ 7,293
OPERATING EXPENSES			
Outside labor expenses (non-employees)	\$ 12,000	\$ 12,000	\$ 12,000
Administrative and office expense	\$ 611	\$ 611	\$ 611
Maintenance and repair expense	\$ 1,200	\$ 1,200	\$ 1,200
Electric power expense (exclude office)	\$ 1,500	\$ 1,500	\$ 1,500
Chemicals expense	\$ 1,200	\$ 1,200	\$ 1,200
Other operating expense	\$ 264	\$ 264	\$ 264
Total Operating Expenses	\$ 16,775	\$ 16,775	\$ 16,775
Annual Depreciation Expense	\$ 9,660	\$ 9,660	\$ 9,660
Total Expenses	\$ 26,434	\$ 26,434	\$ 26,434
INCOME TAXES			
Total Income Taxes	\$ -	\$ -	\$ -
Net income (Loss)	\$ (19,141)	\$ (19,141)	\$ (19,141)

STATE OF MISSOURI)

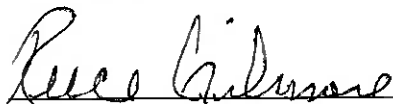
COUNTY OF ST. LOUIS)

BEFORE ME, the undersigned, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Eric Rocchio, being by me first duly sworn deposed and said that:

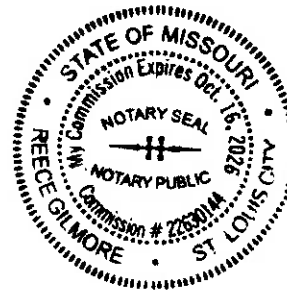
He being duly sworn, verifies that the data requests are accurate to the best of his knowledge.


Eric Rocchio

Sworn to and subscribed before me
this 20th day of OCTOBER, 2023.


Notary Public

My Commission expires: Oct 16, 2026



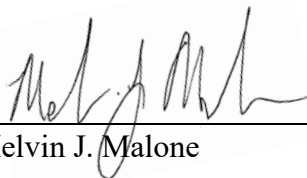
CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

Vance L. Broemel, Esq.
Senior Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Advocate Division
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Vance.Broemel@ag.tn.gov

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Office of the Tennessee Attorney General
Consumer Advocate Division
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Nashville, TN 37202-0207
Karen.Stachowski@ag.tn.gov

This the 20th day of October 2023.



Melvin J. Malone