



CSWR

Central States Water Resources

Safe Water, Healthy Communities

Central States Water Resources
St. Louis, Missouri

Response to the Request for Proposals

Acquisition of Kingston Springs, Tennessee

Wastewater Department

Deadline: September 23, 2022



LIMESTONE WATER

Utility Operating Company

A CSWR Managed Utility

September 23, 2022

City Manager John Lawless
P.O. Box 256
Kingston Springs, TN 37082

RE: Request for proposal to purchase the wastewater system currently serving the Town of Kingston Springs

Mr. Lawless,

Limestone Water Utility Operating Company, LLC (“Limestone Water”), a subsidiary of Central States Water Resources, Inc., is pleased to provide to the Town of Kingston Springs’ Wastewater Department the attached response to your request for proposals.

Pursuant to the goals and objectives outlined in the RFP, Limestone Water has the managerial and operational expertise along with the financial capabilities to ensure the wastewater system at Kingston Springs continues to provide efficient, safe, and adequate service for the existing and future residents of your community.

The proposed purchase price is One Million Five Hundred Thousand dollars (\$1,500,000). CSWR agrees to complete all necessary improvements and upgrades to bring the system into compliance and in accordance with mutually agreed terms and standards of the parties.

While we have attempted to be complete in responding to the requirements of the RFP, please do not hesitate to contact me if you have any questions or need additional clarification or information at 573-476-4931 or via email at sneal@cswrgroup.com.

Sincerely,

Sandy Neal

Central States Water Resources
Director, Business Development

Background and Scope of Business

- A. Please see the CSWR presentation attached as Attachment A and CSWR's qualifications and scope of business attached as Attachment B.

Summary of Experience in Similar Projects

A. References

a. **Mike Tilley, Terre Du Lac Utilities Corporation**

Bonne Terre, MO
573-747-6803

In March 2021, CSWR acquired the water and sewer assets of Terre Du Lac Utilities Corporation in Bonne Terre, MO, serving 2,761 customers. Since acquiring the facilities, CSWR has completed various repairs, including bringing the oxidation ditch into full operation. CSWR has further plans to bring the lagoon back into compliance and to add capacity to the water system, improving the supply and quality of water.

b. **Dan Williams, Wilco**

Various locations and subdivisions nears Columbus, MS
662-245-0052

In December 2021, CSWR acquired 21 sewer systems and 1 water system from Wilco Properties Inc., serving 2,481 customers. Since then, repairs and equipment replacement have begun at all facilities, and design and permitting are in progress to bring all facilities into a state where they can consistently meet permitted limits. Damaged aeration systems have been repaired at some sites, and deferred maintenance activities have resumed, including vegetation clearing and sludge hauling from some facilities.

c. **Nathan Miller, Flushing Meadows Water Treatment, Inc.**

Vilonia, AR
501-416-9313

CSWR has owned and operated the Flushing Meadows wastewater treatment plant since August 2019, serving 294 customers. Various repairs and replacements have been completed, including pump and distribution piping for the sand filter where appropriate, and a portion of the sand filter system, which had consistently overflowed.

B. Please also see CSWR's organizational chart attached as Attachment C.

Ability and relevant expertise of key staff that will be involved with the project

- A. Jo Anna McMahon, Director of Environmental, Health, and Science** (BA University of Arkansas, Executive MBA Washington University)
 - a. Ms. McMahon's experience includes asset management for the city of Topeka, Kansas, utility management for military operations, and oversight of finance/capital projects for the Little Rock Water Reclamation Authority. She is a certified water and wastewater operator in multiple states. She currently oversees all operations and maintenance of CSWR's facilities, ensuring that facilities are under full compliance with state agencies.

- B. Jacob Freeman, Director of Engineering** (BS Engineering University of Missouri)
 - a. Mr. Freeman has significant experience with utility project management and oversight as well as a wealth of knowledge derived from his role as Vice President of a well and pump company. He oversees all engineering and construction activities at CSWR's facilities. This includes all preliminary engineering due diligence, design, initial construction, and ongoing upgrades and capital maintenance projects.

- C. Aaron Silas, Regulatory Case Manager** (MBA Southern Illinois University)
 - a. Mr. Silas has a background in banking and finance. He uses this experience to work closely with CSWR's legal team to navigate the details of compliance with PSC regulations. This includes all regulatory filings/approvals, PSC conditions associated with acquisition approvals, and responding to all data requests.

- D. Arthur Faiello, Regional Manager**
 - a. Mr. Faiello is a certified water and wastewater operator in multiple states with considerable experience managing utility systems and municipal public works. In his current role, he oversees all aspects of operations for the East Coast and Central regions, which include North Carolina, Missouri, Kentucky, and Tennessee.

- E. Brad Thibault, Director of Asset Management**
 - a. Mr. Thibault is a certified water and wastewater operator in multiple states, and he has education in water environmental sciences. He has served in various leadership, project management, and technical roles with municipal contract operations firms. Mr. Thibault works closely with the operations team to ensure CSWR's systems and platforms (Utility Cloud, Remote Monitoring, Narrative Wave) enable our operations and customer service teams to work with our O&M partners to operate and maintain our facilities, securing our mission of providing safe and reliable water service to our customers.

Examples of similar acquisitions in Tennessee and surrounding states

- A. CSWR acquired the Cartwright Creek sewer systems in Thompson's Station, TN on 12/21/21. 1,189 sewer connections.
- B. CSWR acquired the Aqua water and sewer systems in Adamsville, TN on 3/18/21. 455 water connections and 369 sewer connections.
- C. CSWR acquired the Delaplain Disposal Co. sewer system in Georgetown, KY on 2/23/21. 824 sewer connections.
- D. See below for a map of Limestone Water Utility Operating Company's systems. Green are the systems owned and operated; blue are the systems currently under contract and pending acquisition. Additionally, please see Attachment D for a map of CSWR's owned and operated systems.



Outline of Intent Regarding Rate Schedule

- A. If CSWR acquires the Kingston Springs wastewater system, CSWR proposes to adopt the current rates that Kingston Springs charges for service. Post-acquisition, if CSWR were to determine there is a need for a rate adjustment in the future, then CSWR is required to undergo a rate case proceeding with the Tennessee Public Utility Commission. This process would allow all customers and stakeholders to have a say in any rate changes and would undergo an extensive audit to ensure the rates are fair and reasonable.

Valuation Fee Proposal and Proposed Payment Terms

- A. CSWR proposes a purchase price of \$1,500,000 (One Million Five Hundred Thousand dollars). This proposed price considers the Town's requirement to pay off its long term debt and additional compensation for sewer utility assets.

The Town of Kingston Springs has long term debt associated with the construction of a third lagoon at the wastewater treatment plant to allow an increase in detention time, the construction of a new chlorine contact basin and building, and associated electrical and piping improvements. This project was completed in July of 2019. The debt was taken as a Capital Outlay Note that must be paid by the Town prior to transfer of the wastewater utility. As of September 1, 2022, in principal payment the Town owes \$716,000. If paid in full by May 1, 2023, total with P&I is expected to be around \$735,994.80. CSWR proposes to purchase the wastewater utility with consideration to pay off the total of this debt at closing.

CSWR acknowledges the Town's desire to maintain a reasonable rate structure for its constituents who are sewer utility customers. The Tennessee Public Utility Commission (TPUC) sets rates once the sewer utility falls under their jurisdiction. TPUC looks at specific utility costs including consideration of the purchase price in determining rates. Additional consideration was given to balance the value of the Town's sewer utility assets and the potential impact to future rates.

In addition, CSWR will compensate the Town for capital expenses incurred to maintain operational and regulatory compliance of the wastewater utility during the period from the date of acceptance of this proposal and closing.



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centralstateswaterresources.com



America's Water Crisis

One in every four Americans is exposed to potentially unsafe drinking water or wastewater systems.





Safe Water



Many water systems in the U.S. are 50 years or older, lacking the expertise and funding to address critical water safety, reliability and quality standards.



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SAFE WATER, HEALTHY COMMUNITIES



Our Mission

CSWR brings safe, reliable and environmentally responsible water resources to every community we serve.





Our Leadership



Josiah Cox
President + President



Jo Anna McMahon
Director, Environment, Health
& Safety



Cheslie Carter
Director, Customer Experience



Marty Moore
Chief Financial Officer



Russ Mitten
General Counsel



Todd Thomas
Senior Vice President, Business
Acquisition + Customer Impact



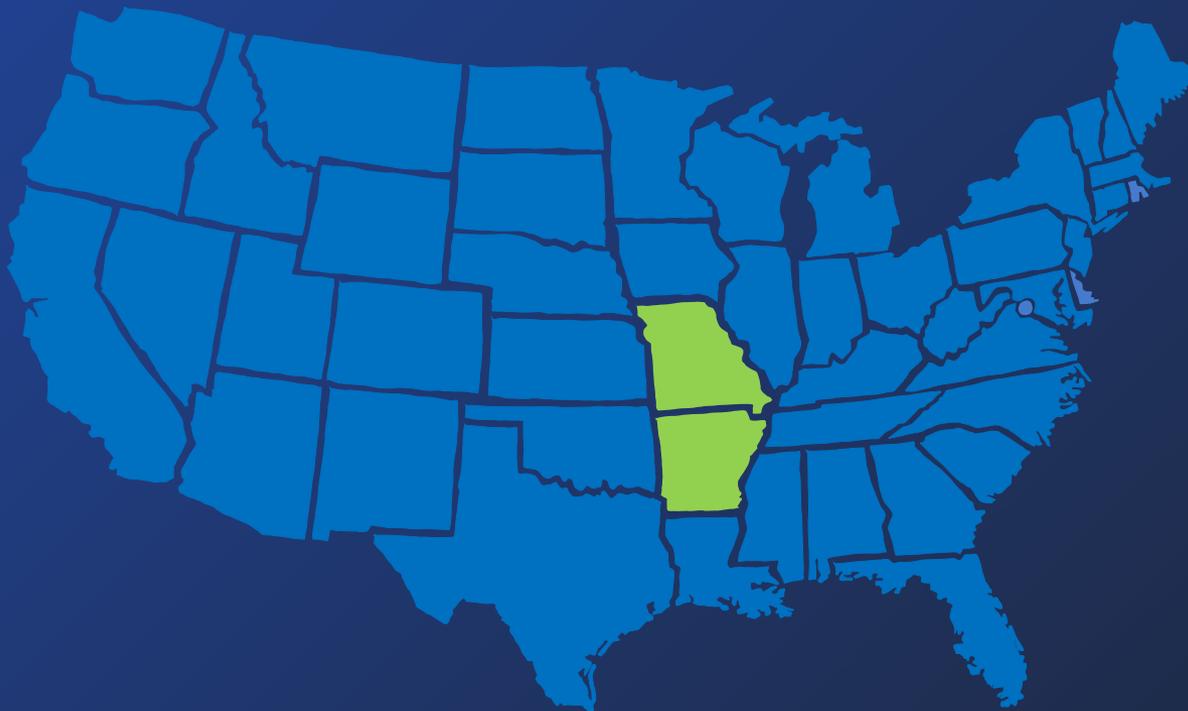
Brent Thies
Vice President, Accounting



Mike Duncan
Vice President, Business Innovation



Our Start



Central States Water Resources was founded by CEO Josiah Cox in 2014. CSWR served customers in just two states as recently as 2019.



Our Growth



Today CSWR has operations or pending acquisitions in Arizona, Arkansas, Florida, Kentucky, Louisiana, Missouri, Mississippi, North Carolina, South Carolina, Tennessee and Texas – serving more than 200,000 customers.



Private Solution to a Public Problem



CSWR uses private investment capital to acquire and revitalize systems that are often woefully outdated and dangerous — typically unbeknownst to end-users — and transforms the value of communities by restoring essential resources.



We Build Healthy Communities





Healthy Communities

Healthy communities start with a commitment to the well-being of those who live there.

CSWR is committed to protecting those we serve by providing clean drinking water and safeguarding the environment we live in by preserving the aquifers, lakes, rivers and streams that sustain us.



Healthy Communities

MAJESTIC LAKES

Missouri

Wastewater system serving 135 customers of in Moscow Mills, Missouri, had structural failures so extensive that it was subject both to repeated wastewater violations, and a building moratorium for the community.

CSWR overhauled the system, which lifted the moratorium on building. While still seeking permission to acquire the system from the Missouri Public Service Commission, CSWR installed temporary structural support to the wastewater plant to prevent structural failure and raw wastewater being discharged into the community. In the two years since the moratorium was lifted, the community has nearly doubled in size.





Healthy Communities

SHADOW RIDGE Arkansas

In Conway, Arkansas, the undersized wastewater plant serving 129 residences of Shadow Ridge failed due to regular use that exceeded capacity resulting in undertreated waste and human pathogens being pushed into the receiving waterbody and leading to a moratorium on building within the subdivision.

In conjunction with construction permitting, CSWR installed a new disinfection system, preventing pathogen pollution from reaching the receiving stream, while work on plant compliance is lifting the construction moratorium, allowing local real estate investment to resume.





Healthy Communities

BELLE FORET Louisiana

Wastewater treatment plant serving approximately 100 homes was abandoned by previous owners and operators, resulting in untreated human waste being discharged into the receiving waterbody weaving through several residential neighborhoods.

CSWR overhauled abandoned systems, restoring the receiving waters to their natural state by stopping the introduction of sludge to the creek, eliminating persistent odor issues that plagued the communities and returning reliable and environmentally sustainable service.





Healthy Communities

- CSWR's connection of service isn't just to an account – but to a human being, a family, a home or a business.
- We have a responsibility to help our customers be as educated about the safety, reliability and costs of water and wastewater as possible.
- Our promise begins and ends with safe and reliable water and wastewater service, 365 days a year.



CUSTOMER EXPERIENCE

Services that are available to our customers.



WATER SERVICE



24/7 CUSTOMER SERVICE



SEWER SERVICE



WATER CONSERVATION TIPS



ONLINE BILL PAY



ENVIRONMENTAL STEWARDSHIP



Central States Water Resources
May 13 at 12:00 PM · 🌐

#WaterWednesday That's enough water to fill a ton of cups!
Did you know...

IN THE U.S., 3.9 TRILLION GALLONS OF WATER ARE CONSUMED PER MONTH.

K Magnolia Water
Communications Manager Kianna H. • 13 Apr

Magnolia Water UOC: Flash Flood Watch. The National Weather Service in New Orleans has issued a Flash Flood Watch starting at noon today (4/13) through Thursday (4/15). High rains introduce infiltration into the wastewater system, minimizing water use during these storms lowers the overall load on the system. See more...

Posted to **Subscribers of Magnolia Water**

👍 Like 💬 5 Comments ➦ Share ❤️ 6 · 6863 Impressions

J James Y. • Whippoorwill
Thank you
14 Apr Like Reply Share ❤️ 1

K Communications Manager Kianna H. • Magnolia Water
You're welcome, J.Y. - Kianna, Communications Manager
14 Apr Like Reply Share

J James Y. • Whippoorwill
I think great that you all did that
14 Apr Like Reply Share 😊 1

D Dolores R. • Southwood Village
Good services with this company.
15 Apr Like Reply Share ❤️ 2

Central States Water Resources
February 6 at 12:00 PM · 🌐

Access to water is vital for people, plants and the ecosystem. See how solving a water crisis helps communities and its residents:
<https://bit.ly/3aF71aW>

ECOWATCH.COM | BY ECOWATCH
Teen Scientist Seeks Solution to Water Crisis
"I was using them as a shampoo, and I was thinking, 'Okay, if the..."



Customer Experience

- Consistent, transparent conversations are essential.
- We go beyond what is required by regulation and focus on supporting our customers' interests and needs.
- We use tools like in-person conversations, direct mail, email, NextDoor, Facebook, Twitter, LinkedIn, 24-hour phone availability, our blog and more.



Customer Experience



“

Our family appreciates what you have taken on and how you folks are trying to repair and upgrade a totally neglected system. I have lived next to this tank for almost 30 years. I contacted DEQ (the Water Quality Department) and voiced our opinion on your company - it may make no difference at all but I have seen the effort you folks have made since day one. Most folks would never have purchased something in such neglect and disrepair. Yes I thought you were crazy to take it on but have been more than impressed with the effort so far.

– A Coast Meadows Customer

”

“

Just wanted you to know that since the new water pump was installed my bath water is looking so much better. Thank you thank you!!! You deserve to know you did a great job...I appreciate your responsiveness!

– H2O Money Hill Customer

”





Customer Experience

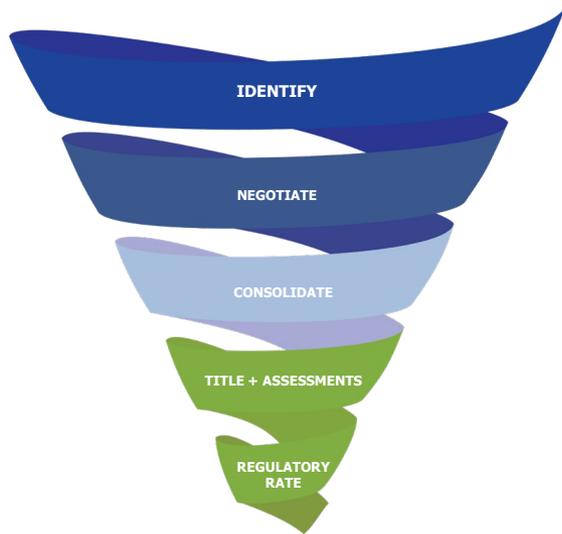


**BUY
BUILD
RATE
RUN**

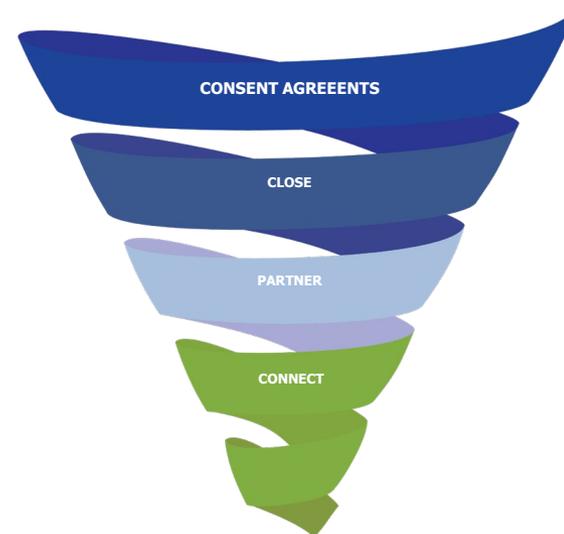




Buy.Build.Run



1. Identify small, distressed systems.
2. Negotiate and sign purchase agreements.
3. Consolidate systems into single, viable utility company.
4. Immediately begin title process and assessments on collection systems and engineering needs.
5. Work with utility regulators inform them of CSWR's plans.
6. Seek the best rate structure for consumers.



7. Enter consent agreements with environmental regulators to upgrade and bring systems into compliance, focused on ensuring systems are operating compliantly.
8. Close acquisitions and commence operational and plant improvement efforts – bringing systems back into compliance quickly.
9. Partner with local engineering firms, suppliers, maintenance contractors, and regulatory legal support.
10. Connect local firms into our proprietary maintenance management system to track and manage routine preventative maintenance work and geotagging all equipment.



Priorities

Safe, clean, and
reliable drinking
water

Reliable
wastewater
conveyance and
treatment

24/7 customer
service and
emergency
response

Best in class
billing and
payment options

Rates set and
regulated by
state



Our Track Record

- **ELEVATING COMMUNITIES:** CSWR often purchases systems where community value has diminished and growth is unobtainable due to limited water or wastewater infrastructure. Our investments elevate communities – ultimately enhancing value, driving outside investment and growth.
- **TURN-AROUNDS:** CSWR often purchases systems with EPA Consent Decrees and drives immediate improvement.
- **MEETING DEADLINES:** CSWR has never missed deadlines nor violated any environmental agreement such as an agreed order or consent decree in any jurisdiction across the U.S.
- **REDUCING RECEIVERSHIP:** We have reduced receivership systems in every state where CSWR operates, lowering the amount of state-appointed trustee-run systems by as much as 77 percent in one jurisdiction.

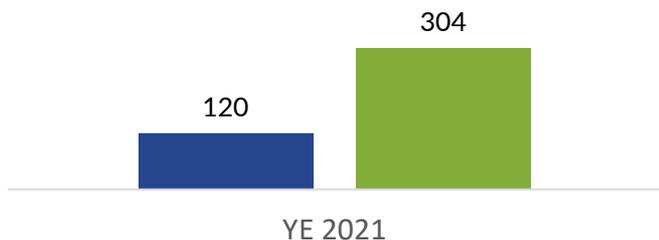


Operational Performance

Year End 2021

CSWR Plants Operated

■ Water Plants ■ Wastewater Plants



- Operating **424 plants** currently compared to 254 plants at YE 2020 (58% growth)
- **100% compliance** with Agreed Orders (environmental compliance agreements) to bring 200 wastewater plants into compliance in 9 states
- Over 20,000 samples taken at CSWR owned water & wastewater facilities to monitor system performance.
- Responded within hours when an EF4 tornado struck Mayfield, Kentucky, providing assistance to neighboring municipalities.
- Outperformed all other utilities during Hurricane Ida, restoring service to all affected customers within 48 hours while some competitors' customers were without service for weeks.
- No Notices of Violations across for any systems not covered by compliance agreements.
- No sustained customer complaints with state regulators

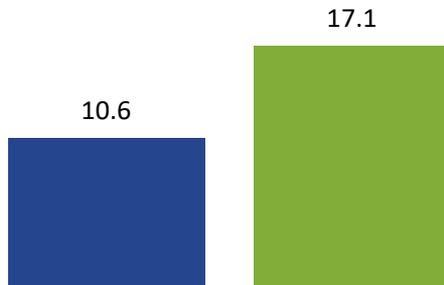


Environmental Performance

Year End 2021

2021 CSWR Average Daily Flow

■ Water Delivered ■ Wastewater Treated



Millions of gallons

- Delivered on average 10.6MM gallons of water and treated 17.1MM gallons of wastewater daily for 29,375 water customers and 47,146 wastewater customers in 7 states.
- Removed estimated 860,000 lbs. of pollution from local water bodies including BOD5, nutrient pollution, and human pathogen contamination.
- Actively engaged environmental advocacy groups in Louisiana and Arkansas to discuss the impact of improvements on local ecosystems.
- Provided internal compliance personnel to conduct site visits on all 424 owned plants.
- Completed voluntary testing of all drinking water sources for PFAS to protect human health and safety in communities served.



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SAFE WATER, HEALTHY COMMUNITIES

ATTACHMENT B

CSWR Qualifications and Scope of Business

Since their formation in 2014, Limestone Water and its affiliates have invested more than \$251 million to purchase, upgrade, and operate small water and wastewater systems in Arizona, Arkansas, Florida, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Tennessee, and Texas that currently serve more than 39,727 water and 55,108 wastewater connections. In each of those jurisdictions, state utility regulators have determined that Limestone Water and its affiliates have the financial strength and the managerial and operational experience and expertise necessary to acquire, improve, own, and operate water and wastewater systems in a manner that serves the public interest.

Limestone Water's operating affiliates have been able to acquire water and wastewater systems, invest capital necessary to construct or repair physical facilities, and provide the managerial experience and expertise required to operate those systems in a way that meets or exceeds customers' and regulatory agencies' expectations. If given the opportunity, Limestone Water and its affiliates can bring those same financial resources and the same managerial, technical, and operational expertise to the customers of the Town of Kingston Springs' Wastewater Department.

If the sale is approved, Limestone Water would utilize a local strategic operations and maintenance partner that has knowledgeable and experienced personnel and carry all licenses necessary to manage daily operations of the water and wastewater systems. Although Limestone Water's strategic O&M partners are 3rd party firms, they must utilize the Limestone Water's computerized maintenance management system (CMMS) and remote monitoring system (Mission). This is discussed further in the summary. Limestone Water also partners with an outside billing and customer service firm – the same firm currently used by its affiliates – to send out bills and handle service-related billing questions.

Limestone Water's operations and maintenance partner utilizes Limestone Water's centralized CMMS that monitors the performance of our water and wastewater systems and allows personnel to track all ongoing maintenance and testing activities. In addition, Limestone Water uses Geographic Information System (GIS) survey information to accurately map all infrastructure assets, which enables anticipatory and targeted infrastructure re-investment in affiliated systems. Limestone Water's O&M partners are required to provide 24-hour emergency service phone numbers to report service issues, provide on-call emergency service personnel who must respond within prescribed time limits, utilize the CMMS for wastewater and drinking water utility assets, provide on-line bill-pay options, and utilize up-to-date website bulletins about current service status.

While day-to-day operational, billing, and customer service functions would be provided by strategic partners, all management, financial reporting, underground utility safety and location services, Commission regulatory reporting, environmental regulatory reporting and management, operations oversight, utility asset planning, engineering planning, ongoing utility maintenance, utility record keeping, and final customer dispute management would be performed by Limestone Water personnel. Limestone Water personnel also would monitor the activities of

O&M partners to make sure our systems are being operated and maintained properly and customers' needs are being met. Part of the Limestone Water operations team are auditors that routinely inspect the facilities and the performance of the operations and maintenance contractors.

Technical resources and operational expertise that would be available to Kingston Springs already have greatly improved the quality of utility service provided to customers of affiliates in Arizona, Arkansas, Florida, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Tennessee, and Texas. Limestone Water has on-staff engineers and other trained and qualified personnel with experience in the design and operation of water and wastewater systems, and Limestone Water supplements those resources with qualified and licensed local Tennessee engineering and design, as well as O&M partners who are responsible for day-to-day plant operations. Access to these and other resources available through its affiliation with Limestone Water would allow Kingston Springs to achieve levels of resources and services not generally available to similarly sized water and wastewater utilities. The affiliated group's business model makes this expertise and experience available to affiliates and does so through economies of scale that can be achieved because of Limestone Water's centralized management structure.

Limestone Water has developed and implemented operating processes and technologies that improve service to customers. Limestone Water plans to implement operational changes specifically designed to improve and enhance customer service. Customers would have access to a 24-hour phone customer service to report any utility service issues. Information received from those calls would then be transferred into Limestone Water's CMMS and converted into work orders, which creates a historical record of all reported service issues. The work order also ensures customer service personnel can quickly commence work required to deal with issues affecting service efficiently and expeditiously.

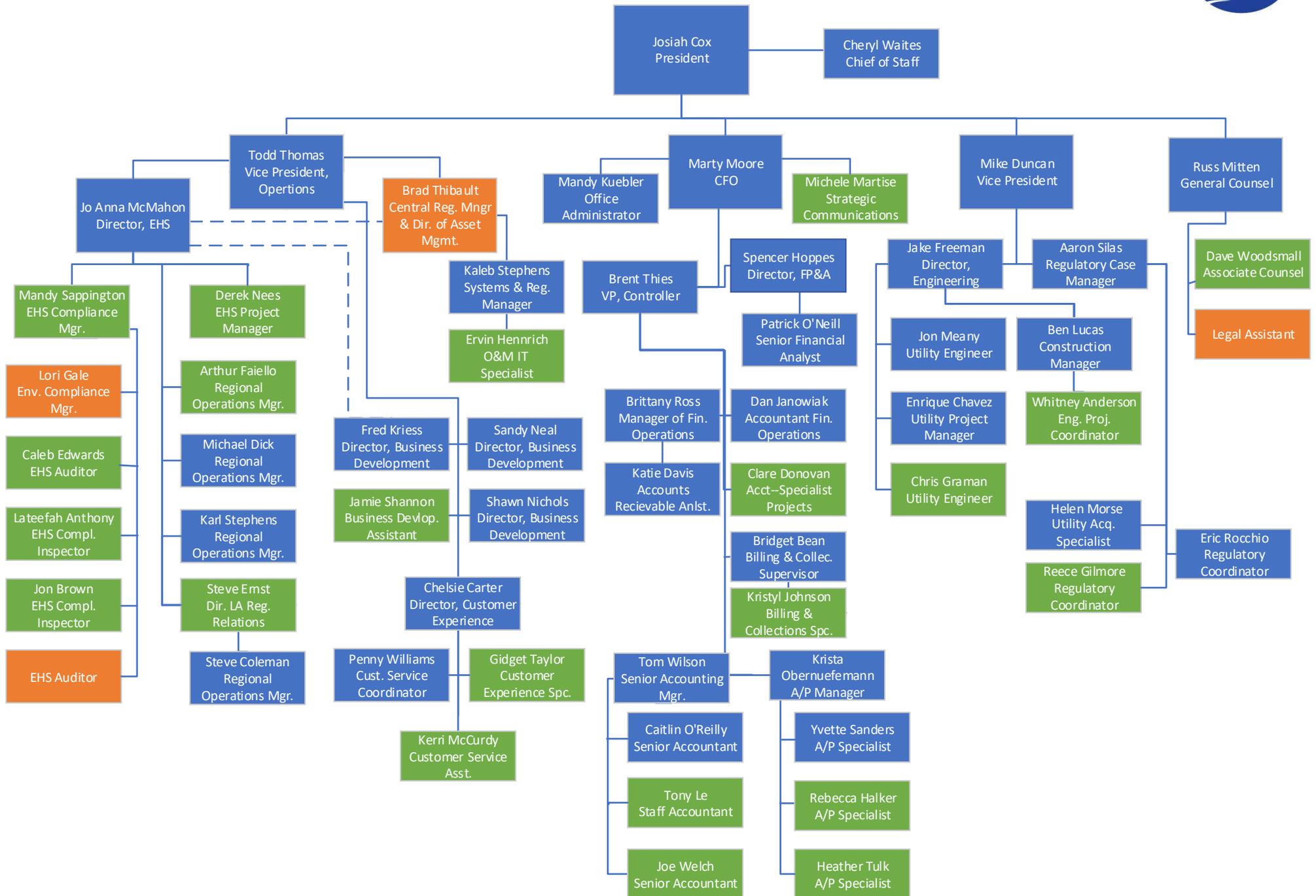
Limestone Water also would ensure customers have access to customer service representatives during normal business hours to discuss customer concerns. Limestone Water utilizes utility-specific webpages and dedicated email addresses to keep customers informed about their utility service. Information available on the website would include state mandated drinking water testing information, up-to-date website bulletins about current service status, and service initiation or discontinuance procedures. Limestone Water also implements dedicated social media pages to offer another avenue of communication with customers. Limestone Water also offers online bill paying options to customers including e-checks, debit card, and credit cards.

Limestone Water is regulated by the TDEC and the TPUC; therefore, customers can contact any of these agencies, as well as Limestone Water customer service, if they feel as though they are not receiving reliable or quality service. Limestone Water has a strong reputation with the regulatory agencies in Tennessee and strives to keep this reputation by providing excellent customer service to their communities.

As its website expressly states, the mission of Limestone Water and its affiliates is to bring safe, reliable, and environmentally responsible water resources to every community in the

United States. As it works to accomplish that objective, the group is transforming how water utilities work by using technology and innovation to quickly assess and invest in reliable infrastructure that meets or exceeds stringent state and federal safety standards, ensuring all communities across the country have access to safe, clean, and reliable water resources while protecting the aquifers, lakes, rivers, and streams that are essential to our world.

ATTACHMENT C: ORGANIZATIONAL CHART



ATTACHMENT D: MAP OF CSWR OWNED & OPERATED SYSTEMS

