



August 21, 2020

Clint Cointment, Parish President  
Joel Robert, Councilman District 2  
Corey Orgeron, Councilman District 4  
Chase Melancon, Councilman District 6  
Teri Casso, Councilwoman District 8  
John Cagnolatti, Councilman District 10

Alvin Thomas Jr., Councilman District 1  
Travis Turner, Councilman District 3  
Dempsey Lambert, Councilman District 5  
Aaron Lawler, Councilman District 7  
Dal Waguespack, Councilman District 9  
Michael Mason, Councilman District 11

**RE: Updated Proposal for a Cooperative Endeavor Agreement with Sale Option**

Dear President Cointment and Council Members:

In November of 2018, representatives of the Ascension Parish Government approached us to request that we enter into discussions for an innovative public-private partnership aimed at finally solving the problem of the Parish's inadequate sewer infrastructure and resulting environmental and economic damages. We accepted that request by the Parish and our discussions lead to the May 20, 2019 Cooperative Endeavor Agreement ("CEA") that was overwhelmingly approved by the Parish Council and signed by the Parish President. Since then we have expended extraordinary time, effort and expense by revising our proposed agreement numerous times and endeavoring to address new questions and concerns raised by the Parish.

Ascension Sewer, LLC ("Ascension") and National Water Infrastructure, LLC ("NWI") are moving forward with our plans to construct a consolidated wastewater collection and treatment system on the east bank of the Parish. The Administration and the Council have advised that the Parish still desires to have the ACUD#2 facilities and customers integrated with our regional system, and that you want to modify the CEA so that NWI retains ownership of its existing systems and the newly-built regional system, and NWI takes over operation of the ACUD#2 systems. The Parish also recognizes that the proven and predictable rate-making procedures of the Louisiana Public Service Commission ("LPSC") ensure that customer rates are fair and reasonable. Therefore, once again, Ascension and NWI submit with this letter an updated proposed draft of a new CEA. These changes would simplify the transaction and also deliver millions in immediate and long-term benefits to Parish residents and customers, just some of which are summarized below.

- 1) ***\$15 Million Cash Payment to the Parish:*** Instead of the Parish contributing its cash as previously contemplated, NWI would make a cash payment to the Parish for the right to use, operate and maintain existing ACUD#2 assets and incorporate same into the consolidated system so the Parish package systems can be retired and existing ACUD#2 customers can be served by the new regional treatment system. We currently understand this amount to be \$15 million but amount and timing of payment will be subject to the approval by the LPSC.
- 2) ***\$11 Million Returned to Parish General Fund:*** The Parish financial contribution is eliminated, which frees-up the \$11 million remaining in the sewer construction fund, making it available for other pressing Parish needs.

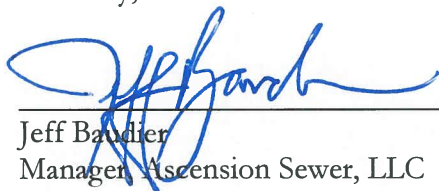
- 3) **\$2.5 Million Released from Oak Grove Budget:** NWI will assume responsibility to upgrade the sewerage treatment system at Oak Grove Primary School in order to reduce further sanitary sewer overflows and bring that system into compliance with LDEQ regulations. This frees up another \$2.5 million that the Parish recently allocated from the budget for this work.
- 4) **\$3 Million Per Year in Taxes Returned:** NWI will assume responsibility for all operating and capital costs related to ACUD#2, which eliminates the need to subsidize those utility operations from sales taxes and general fund transfers. Those subsidies have averaged \$3 million annually on a net basis. This frees up another \$3 million every year for other Parish needs and avoids the unfair practice of having ACUD#2 rates subsidized by non-ACUD#2 customers.
- 5) **\$500,000 - \$1.0 million in Annual Franchise Fees:** NWI will pay annual franchise fees to the Parish that are estimated to start at approximately \$500,000 per year and increase to at least \$1.0 million per year over time. These fees are based upon a percentage of gross customer receipts and will therefore increase as our customer base and revenues grow.
- 6) **Over \$200 Million Investment in the Parish:** NWI will invest over \$200 million in Ascension Parish to build a modern consolidated sewer system in the first phase of the project, which will create hundreds of construction jobs. Ultimate project scope and investment amount will be subject to LPSC approval and determination of reasonable rates.
- 7) **Cleaning up the Parish's Waterways:** The first phase of the Ascension Sewer consolidation will remove an estimated 3 million gallons per day of effluent from Bayou Manchac, reversing the current impairment declaration by the Louisiana Department of Environmental Quality. Further we will be decommissioning numerous neighborhood package plants and returning those locations to valuable community greenspace. We will also have the capacity to tie-in thousands of individual treatment systems. These efforts will greatly reduce the treated sewer water currently being sent to the ditches and waterways of the Parish.
- 8) **Reduced Flooding and Drainage Maintenance Costs:** By reducing the amount of water in the ditches, Parish flooding will be reduced and maintenance costs to continuously clean out drainage ditches, which we understand reaches \$1 million per year, will be significantly reduced.
- 9) **Millions in Savings and Improvements for Parish Schools:** With an anticipated 10 Parish schools and libraries to be connected in phase 1, these facilities will each see an expected \$100,000 to \$350,000 annually in reduced installation, maintenance and operating costs. Moreover, NWI will decommission existing treatment plants located at or near these schools, improving the health and environmental conditions for students, teachers and staff, and transitioning these sites for expanded school facilities or greenspace.
- 10) **NWI Performance of Individual Inspection Program:** NWI will assume responsibility for conducting the individual treatment system inspection program. The inspections will commence on January 1, 2021 and the initial charges for inspections will be \$10.00 per month per individual treatment system and will include a minimum of two annual inspections for every individual treatment system.
- 11) **Fair and Affordable Customer Rates:** NWI will assume service to and receive payment from current ACUD#2 customers. All customers will pay the same tariff rates as set by the LPSC for

NWI's customers. Under LPSC rules, rates cannot be increased without Commission approval following a formal "rate case" proceeding, which involves thorough analysis of the basis for the rate increase and the opportunity for any interested parties to participate after public notice.

- 12) ***Option for Conversion to Sale:*** At any point during the term of the CEA, the Parish may elect to convert the CEA to a sale to NWI of the ACUD#2 assets pursuant to La. R.S. 33:4341 or other applicable law and subject to the approval of the LPSC. If the Parish elects to sell the ACUD#2 assets to NWI, any amounts previously paid by NWI pursuant to the CEA shall apply as a credit to the purchase price paid by NWI and the parties would amend the CEA as necessary to reflect the respective interests and rights of the parties after the sale of the ACUD#2 assets.


Unlike the prior CEA structure, this approach requires no investment by the Parish but instead results in millions in benefits to the Parish. The sale option also eliminates any uncertainties the Parish may have about what happens at the end of the CEA, how future rates adjustments are handled, or retaining any long-term responsibilities regarding the ACUD#2 assets. We look forward to your favorable response and proceeding with this essential project.

Sincerely,



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Jeff Baudier  
Manager, Ascension Sewer, LLC



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Tom Pertuit  
CEO, National Water Infrastructure, LLC