STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

H2O SYSTEMS, INC., f/k/a
GREENLEAVES UTILITY COMPANY

AI # 19599

PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT

* Settlement Tracking No.
* SA-WE-09-0067
* Enforcement Tracking No.
* WE-CN-08-0147; WE-C-02-0081;
* WE-CN-02-1116; WE-PP-04-0001;
* WE-CN-04-1063; MM-CN-05-0034;
* WE-CN-06-0053; WE-CN-07-0102
* Docket No. 2008-7497-EQ; 2004-4180-EQ;
* 2006-0844-EQ; 2007-6359-EQ;
* 2008-2664-EQ; 2008-2676-EQ

SETTLEMENT

The following Settlement is hereby agreed to between H2O Systems, Inc., formerly known as
Greenleaves Utility Company ("Respondent") and the Department of Environmental Quality ("DEQ"
or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S.
30:2001, et seq. ("the Act").

I

Respondent is a corporation that owns and/or operates a sanitary wastewater treatment
facility located in Mandeville, St. Tammany Parish, Louisiana ("the Facility").

II

On May 28, 2008, the Department issued to Respondent a Consolidated Compliance Order
and Notice of Potential Penalty, Enforcement No. WE-CN-08-0147 (Exhibit 1), which was based
upon the following findings of fact:

The Respondent owns and/or operates a sanitary wastewater treatment facility located at 3075
White Oak Lane in Mandeville, St. Tammany Parish, Louisiana. The Respondent was issued
Louisiana Pollutant Discharge Elimination System (LPDES) permit LA0068730 effective on April 1, 2002, with an expiration date of March 30, 2007. The Respondent submitted a permit renewal application on or about October 3, 2006, and LPDES permit LA0068730 was administratively continued. On or about August 6, 2007, LPDES permit LA0068730 was issued with an effective date of September 1, 2007. LPDES permit LA0068730 will expire on August 31, 2012. LPDES permit LA0068730 authorizes the Respondent to discharge treated sanitary wastewater into Bayou Chinchuba, thence into Lake Pontchartrain, waters of the state.

The Respondent was issued Compliance Order WE-C-02-0081 on or about February 28, 2002, for the following violations: failure to sample, failure to submit noncompliance reports, operation and maintenance deficiency, and violations of permit effluent limits. This Compliance Order mandated the Respondent to take any and all steps necessary to meet and maintain compliance with LPDES permit LA0068730 and submit a written response to the Compliance Order. A construction schedule was contained in the Order requiring the Respondent to upgrade its treatment plant and to submit quarterly progress reports accordingly. Compliance Order WE-C-02-0081 is a final action of the Department and is not subject to further review. (Exhibit 2)

The Respondent was issued Consolidated Compliance Order and Notice of Potential Penalty WE-CN-02-1116 on or about February 27, 2003, for the following violations: untimely submittal of a written response to the Compliance Order WE-C-02-0081, operation and maintenance deficiencies, violations of permit effluent limits, and failure to submit noncompliance reports. Consolidated Compliance Order and Notice of Potential Penalty WE-CN-02-1116 mandated the Respondent to take any and all steps necessary to meet and maintain compliance with LPDES permit LA0068730 and submit a written response to the Consolidated Compliance Order and Notice of Potential Penalty. A construction schedule was contained in the Order requiring the Respondent to upgrade
its treatment plant and to submit quarterly progress reports accordingly. A written response was received by the Department on or about April 8, 2003. The Respondent requested a hearing for Consolidated Compliance Order and Notice of Potential Penalty WE-CN-02-1116, which is currently under adjudicatory review. (Exhibit 3)

The Respondent was issued Notice of Potential Penalty WE-PP-04-0001 on or about March 8, 2004 for allowing the discharge of solids from its sanitary wastewater facility into Bayou Chinchuba, waters of the state, and for failure to notify the Department in a timely manner of the discharge. A written response was received by the Department on or about March 17, 2004. Notice of Potential Penalty WE-PP-04-0001 is a final action of the Department and is not subject to further review. (Exhibit 4)

The Respondent was issued Consolidated Compliance Order and Notice of Potential Penalty WE-CN-04-1063 on or about November 24, 2004, for permit effluent violations. The Respondent also failed to submit a written response in a timely manner. The failure to submit a written response is in violation of Consolidated Compliance Order and Notice of Potential Penalty WE-CN-04-1063. Consolidated Compliance Order and Notice of Potential Penalty WE-CN-04-1063 required the Respondent to take any and all steps necessary to meet and maintain compliance with LPDES permit LA0068730 and to submit a written response to the Consolidated Compliance Order and Notice of Potential Penalty. The Respondent requested a hearing for Consolidated Compliance Order and Notice of Potential Penalty WE-CN-04-1063, which is currently under adjudicatory review. (Exhibit 5)

The Respondent was issued Consolidated Compliance Order and Notice of Potential Penalty MM-CN-05-0034 on or about May 26, 2006, for failure to maintain and/or retain maintenance and calibration records, failure to record preservatives on the chain-of-custody forms, failure to follow
adequate quality control procedures and expired pH buffer standards, causing and/or allowing the
deposition of regulated solid waste without a permit, failure to provide sample preservation and
failure to collect samples in a sterile container, the unauthorized discharges of wastewater, operation
and maintenance deficiencies, effluent violations, failure to sample, and the failure to submit
accurate DMRs. Consolidated Compliance Order and Notice of Potential Penalty MM-CN-05-0034
required the Respondent to take any and all steps necessary to meet and maintain compliance with
LPDES permit LA0068730 and the Water Quality Regulations, Hazardous Waste Regulations, and
the Solid Waste Regulations, to submit properly completed DMRs, and to submit a written response
to the Consolidated Compliance Order and Notice of Potential Penalty. The Respondent submitted a
written response on or about July 5, 2006 and requested a hearing for Consolidated Compliance
Order and Notice of Potential Penalty MM-CN-05-0034, which is currently under adjudicatory
review. (Exhibit 6)

The Respondent was issued Consolidated Compliance Order and Notice of Potential Penalty
WE-CN-06-0053 on or about November 29, 2006, for effluent violations. Consolidated Compliance
Order and Notice of Potential Penalty WE-CN-06-0053 required the Respondent to take any and all
steps necessary to meet and maintain compliance with LPDES permit LA0068730 and the Water
Quality Regulations and to submit a written response to the Consolidated Compliance Order and
Notice of Potential Penalty. The Respondent failed to submit a written response in a timely manner.
The failure to submit a written response is in violation of Consolidated Compliance Order and
Notice of Potential Penalty WE-CN-06-0053. The Respondent requested a hearing for Consolidated
Compliance Order and Notice of Potential Penalty WE-CN-06-0053, which is currently under
adjudicatory review. (Exhibit 7)

The Respondent was issued Consolidated Compliance Order and Notice of Potential Penalty
WE-CN-07-0102 on or about May 7, 2007, for effluent violations. Consolidated Compliance Order and Notice of Potential Penalty WE-CN-07-0102 required the Respondent to take any and all steps necessary to meet and maintain compliance with LPDES permit LA0068730, to complete and accomplish the closure of the existing lagoon based on the schedule provided in the Order, to submit progress reports and certification statements of achievements in closing the lagoon, to comply with the Water Quality Regulations and to submit a written report that included a detailed description of the circumstances surrounding the cited violations and actions taken to achieve compliance with the Consolidated Compliance Order and Notice of Potential Penalty. The Department received a written response on August 16, 2007. The Respondent requested a hearing for Consolidated Compliance Order and Notice of Potential Penalty WE-CN-07-0102, which is currently under adjudicatory review. (Exhibit 8)

Inspections conducted by the Department from April 2007 through December 2007, pursuant to citizen’s complaint, revealed that the Respondent did cause or allow the following unauthorized discharges of sewage from manholes into waters of the state:

<table>
<thead>
<tr>
<th>Date of Overflow/Incident</th>
<th>Date of Inspection</th>
<th>Overflow Location</th>
<th>Impacted Stream</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/23/2007</td>
<td>April 23, 2007</td>
<td>Manhole between Richland East &amp; Richland West</td>
<td>retention pond thence to Bayou Chinchuba</td>
<td>Unknown*</td>
</tr>
<tr>
<td>5/4/2007</td>
<td>May 4, 2007</td>
<td>Manhole along Greenleaves blvd</td>
<td>retention pond thence to Bayou Chinchuba</td>
<td>Unknown*</td>
</tr>
<tr>
<td>5/30/2007</td>
<td>May 30, 2007</td>
<td>Manhole between Richland East &amp; Richland West</td>
<td>retention pond thence to Bayou Chinchuba</td>
<td>Unknown*</td>
</tr>
<tr>
<td>Date of Overflow/Incident</td>
<td>Date of Inspection</td>
<td>Overflow Location</td>
<td>Impacted Stream</td>
<td>Amount</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------</td>
<td>-------------------</td>
<td>----------------</td>
<td>--------</td>
</tr>
<tr>
<td>6/1/2007</td>
<td>June 1, 2007</td>
<td>Manhole between Richland East &amp; Richland West</td>
<td>retention pond thence to Bayou Chinchuba</td>
<td>Unknown*</td>
</tr>
<tr>
<td>6/13/2007</td>
<td>June 18, 2007</td>
<td>Manhole between Richland East &amp; Richland West</td>
<td>retention pond thence to Bayou Chinchuba</td>
<td>Unknown*</td>
</tr>
<tr>
<td>9/1/07-9/04/07</td>
<td>September 4, 2007</td>
<td>Manhole between Richland East &amp; Richland West</td>
<td>retention pond thence to Bayou Chinchuba</td>
<td>Unknown*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manhole between MayHaw Branch Rd., &amp; Lonesome Rd.</td>
<td></td>
<td>Unknown*</td>
</tr>
<tr>
<td>11/06/07</td>
<td>November 6, 2007</td>
<td>Greenleaves Blvd., near Lonesome Rd.</td>
<td>retention pond thence to Bayou Chinchuba</td>
<td>Unknown*</td>
</tr>
<tr>
<td>11/01/2007</td>
<td>December 6, 2007</td>
<td>Manhole between Richland East &amp; Richland West</td>
<td>retention pond thence to Bayou Chinchuba</td>
<td>Unknown*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Greenleaves Blvd. MayHaw Branch Rd.</td>
<td></td>
<td>Unknown*</td>
</tr>
</tbody>
</table>

* Failed to Notify the Department.


A file review conducted by the Department on or about February 27, 2008, of the Discharge Monitoring Reports (DMRs) for LPDES permit LA0068730, revealed the following effluent violations:

<table>
<thead>
<tr>
<th>Monitoring Period</th>
<th>Parameter</th>
<th>Permit Limit</th>
<th>Reported Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2006</td>
<td>Total Residual Chlorine, wkly avg</td>
<td>0.099 mg/L</td>
<td>&lt;0.9 mg/L</td>
</tr>
<tr>
<td>April-June 2007</td>
<td>Total Copper, mon avg.</td>
<td>0.035 lbs/day</td>
<td>0.03 lbs/day</td>
</tr>
<tr>
<td></td>
<td>Total Zinc, mon avg.</td>
<td>0.035 lbs/day</td>
<td>0.18 lbs/day</td>
</tr>
<tr>
<td>July-September* 2007</td>
<td>Total Zinc, mon avg.</td>
<td>0.3 lbs/day</td>
<td>0.32 lbs/day</td>
</tr>
<tr>
<td></td>
<td>Total Copper, mon avg.</td>
<td>0.035 lbs/day</td>
<td>&lt;0.08 lbs/day</td>
</tr>
<tr>
<td>December* 2007</td>
<td>Total Copper, mon avg.</td>
<td>0.035 lbs/day</td>
<td>&lt;0.051 lbs/day</td>
</tr>
<tr>
<td></td>
<td>Total Zinc, mon avg.</td>
<td>0.3 lbs/day</td>
<td>0.39 lbs/day</td>
</tr>
<tr>
<td></td>
<td>Total Nitrogen Ammonia, mon avg.</td>
<td>4 mg/L</td>
<td>5.10 mg/L</td>
</tr>
</tbody>
</table>

* Failed to submit a noncompliance report.

Each of the above-noted effluent exceedances is in violation of Compliance Order WE-C-02-0081, Consolidated Compliance Order and Notice of Potential Penalty WE-CN-02-1116, Consolidated Compliance Order and Notice of Potential Penalty WE-CN-04-1063, Consolidated Compliance Order and Notice of Potential Penalty MM-CN-05-0034, Consolidated Compliance Order and Notice of Potential Penalty WE-CN-06-0053, Consolidated Compliance Order and Notice of Potential Penalty WE-CN-07-0102, and LPDES permit LA0068730 (Part I, page 2 of 7, and Part III, Section 7

Consolidated Compliance Order and Notice of Potential Penalty, Enforcement Tracking No. WE-CN-08-0147, and each of the enforcement actions referred to therein are included herein and made part of this settlement agreement.

The following violations, although not cited in any enforcement action issued to the Respondent, also are included herein and made a part of this settlement agreement.

Inspections conducted by the Department on or about June 2, 2008, June 4, 2008, and June 16, 2008, in response to a citizen's complaint revealed the Respondent did cause or allow the following unauthorized discharges of sewage from manholes into waters of the state:

<table>
<thead>
<tr>
<th>Date of Overflow/Incident</th>
<th>Date of Inspection</th>
<th>Overflow Location</th>
<th>Impacted Stream</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/02/2008</td>
<td>06/02/2008</td>
<td>Greenleaves Parkway and May Haw Branch Rd.</td>
<td>retention pond thence to Bayou Chinchub</td>
<td>Unknown*</td>
</tr>
<tr>
<td>6/4/2008</td>
<td>6/4/2008</td>
<td>Richland Dr. East and Richland Dr. West</td>
<td>retention pond thence to Bayou Chinchuba</td>
<td>Unknown*</td>
</tr>
<tr>
<td>6/16/2008</td>
<td>6/16/2008</td>
<td>Greenleaves Blvd. across from Scotchpine blvd. Greenleaves Blvd. across from the entrance to the colony</td>
<td>retention pond thence to Bayou Chinchuba</td>
<td>Unknown*</td>
</tr>
<tr>
<td>Date of Overflow/Incident</td>
<td>Date of Inspection</td>
<td>Overflow Location</td>
<td>Impacted Stream</td>
<td>Amount</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------------</td>
<td>-------------------</td>
<td>----------------</td>
<td>--------</td>
</tr>
<tr>
<td>9/24/2009</td>
<td>9/30/2009</td>
<td>Greenleaves Blvd. north of Colony Trail</td>
<td>Unnamed ditch</td>
<td>500 gallons</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Greenleaves Blvd. north of May Haw</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Failed to Notify the Department.


A file review conducted by the Department on or about February 27, 2008, of the Discharge Monitoring Reports (DMRs) for LPDES permit LA0068730, revealed the following effluent violations:

<table>
<thead>
<tr>
<th>Monitoring Period</th>
<th>Outfall</th>
<th>Parameter</th>
<th>Permit Limit</th>
<th>Reported Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2008</td>
<td>001Q</td>
<td>Total Copper, mon avg.</td>
<td>0.035 lbs/day</td>
<td>&lt;0.05 lbs/day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Zinc, mon avg.</td>
<td>0.03 lbs/day</td>
<td>0.33 lbs/day</td>
</tr>
<tr>
<td>September 2008</td>
<td>001A</td>
<td>Total Zinc, mon avg.</td>
<td>0.3 lbs/day</td>
<td>0.32 lbs/day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Copper, mon avg.</td>
<td>0.035 lbs/day</td>
<td>&lt;0.05 lbs/day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CBOD, mon avg.</td>
<td>10 mg/L</td>
<td>12 rng/L</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CBOD, wkly avg.</td>
<td>15 mg/L</td>
<td>33 rng/L</td>
</tr>
<tr>
<td>Monitoring Period</td>
<td>Outfall</td>
<td>Parameter</td>
<td>Permit Limit</td>
<td>Reported Value</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------</td>
<td>---------------------------</td>
<td>-----------------------</td>
<td>-----------------------------------------------------</td>
</tr>
<tr>
<td>April-June</td>
<td>TX1Q</td>
<td>Biomonitoring (re-test)</td>
<td>Pass/Fail</td>
<td>Failed C. dubia (lethal) C. dubia (sub-lethal)</td>
</tr>
<tr>
<td>April -June</td>
<td>TX1Q</td>
<td>Biomonitoring (re-test)</td>
<td>Pass/Fail</td>
<td>Failed Pimephales (lethal) Pimephales (sub-lethal)</td>
</tr>
</tbody>
</table>


A file review conducted by the Department revealed the Respondent failed to sample the effluent for toxicity. Specifically, the Respondent failed the toxicity test for the 2nd quarter of 2008. LPDES permit LA0068730 requires the Respondent to perform two monthly toxicity confirmation tests for the affected species. The Respondent also failed to sample for Total Cyanide, Total Zinc, Total Copper, and Dichromochloromethane for the 1st quarter of 2008. Each failure to sample is in violation of LPDES permit LA0068730 (Part I, page 2 of 7, and Part III, Section A.2), La. R.S. 30:2076 (A) (3), LAC 33:IX.501.A, and LAC 33:IX.2701.A.


The Respondent deposited waste activated sludge from a former related company (now merged into Respondent), Northlake Environmental Engineering Services, Inc., into Respondent's Aerated Lagoon 168 times, as indicated in Respondent's January 14, 2005 Report on Aerated Lagoon

III

As noted above, in response to the Enforcement Actions included in this settlement, Respondent made one or more timely requests for a hearing.

IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

V

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of EIGHTY FIVE THOUSAND AND NO/100 DOLLARS ($85,000.00), of which Five Thousand Eight and 21/100 Dollars ($5,088.21) represents the Department’s enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to the Department as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

VI

Respondent further agrees that the Department may consider the inspection report(s), the Compliance Order, the Notice of Potential Penalty, and the Consolidated Compliance Orders and Notices of Potential Penalty and this Settlement for the purpose of determining compliance history in
connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VII

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VIII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in St. Tammany Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.
Payment is to be made in twenty-four (24) monthly installments. The first twenty-three (23) installments shall be Three Thousand and No/100 Dollars ($3,000.00) each. The first payment is due within ten (10) days from notice of the Secretary's signature. Subsequent payments are due on the first day of each consecutive month. A twenty-fourth (24th) installment and final payment shall be Sixteen Thousand and No/100 Dollars ($16,000.00), for a total of Eighty-Five Thousand and No/100 Dollars ($85,000.00). If payment is not received within this time frame and in the amount stipulated above, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit 9).

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.
State of Louisiana  
Parish of St. Tammany  

H2O SYSTEMS, INC., f/k/a  
GREENLEAVES UTILITY COMPANY  

BY:  

(Signature)  

Printed  

TITLE:  

President  

THUS DONE AND SIGNED in duplicate original before me this 17th day of  
March, 2011, at Covington, LA.  

Anna M. Dupuy  

NOTARY PUBLIC (ID #9999)  

(Stamped or printed)  

LOUISIANA DEPARTMENT OF  
ENVIRONMENTAL QUALITY  
Peggy M. Hatch Secretary  

BY:  

(Stamped or printed)  

THUS DONE AND SIGNED in duplicate original before me this 28th day of  

Dietera King  

NOTARY PUBLIC (ID #123456)  

(Stamped or printed)  

Approved:  

Cheryl Sonnier Nolan, Assistant Secretary