

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

January 12, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, January 12, 2006, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Mr. Tom Rimmer, Sc.D., Chair
Mr. Tony Kendall, Vice Chair
Mr. Roby Robertson, Ph.D., Secretary/Treasurer
Ms. M. Jane Dickey, Commissioner
Mr. Jay Hartman, Commissioner
Mr. Eddie Powell, Commissioner

Absent:

Ms. Francille Turbyfill, Commissioner

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie Crawford, Director of Communications
Mr. Stan Benton, Director of Distribution
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Gary Hum, Director of Source & Treatment
Mr. Allen Vincent, Director of Information Services
Mr. Gerald Boon, C.P.A., Assistant Director of Finance
Mr. Dennis Yarbrow, P.E., Supervisor of Water Sources
Ms. Connie Horn, Management Secretary
Ms. Kam Alston, Administrative Support Part-time/Temporary
Mr. Andrew Marsh, Administrative Support Part-time/Temporary
Ms. Sharon Sweeney, Laboratory Technician
Mr. Blake Rutherford, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and Policy Advisory Council
and Member for Lake Maumelle Comprehensive Watershed Management Study
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.
Ms. Pat Dicker, Pulaski Quorum Court Member, District 7
Mr. Herb Dicker, President of Little Rock Neighborhood Connections
Mr. Gary Heathcott, President of Heathcott Associates
Mr. Marcus Howard, Reporter for *The Times* of North Little Rock
Ms. Jill Joslin, Vice President and Account Supervisor for Heathcott Associates

Ms. Kathleen Oleson, Representative of the League of Women Voters of Pulaski County and Policy Advisory Council Alternate for Lake Maumelle Comprehensive Watershed Management Study
Mr. Fred Oswald, P.E., Engineer for the 145th Water & Sewer Improvement District
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Mr. Warren Watkins, Reporter for the Jacksonville *Patriot*
Mr. Robert Wilson, Chairman of the 145th Water & Sewer Improvement District
Ms. Jill Zeman, Reporter with *Arkansas Democrat-Gazette*

Call to Order of January 12, 2006, Meeting

Mr. Tom Rimmer, Chair, called to order the January 12, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Commissioner Service Recognition

Chair Rimmer presented Mr. Tony Kendall, Commissioner and Dr. Roby Robertson, Secretary/Treasurer, with a service pin in recognition of their one year of service on the Board.

Employee Recognition

Mr. Harvey recognized Ms. Sharon Sweeney, Laboratory Technician, for earning a master's degree in Public Health from the University of Arkansas for Medical Sciences. Mr. Harvey said that Ms. Sweeney utilized CAW's Tuition Reimbursement program in pursuing her degree.

Chair Rimmer congratulated Ms. Sweeney on her accomplishment.

Update on Lake Levels

Mr. Dennis Yarbro, Supervisor of Lakes, said that usually this time of year Lake Winona and Lake Maumelle are filling with water from rainfall. Because of the drought central Arkansas is currently experiencing, this is not occurring this year.

Mr. Yarbro said that Lake Winona is lower than normal level for this time of year, but that it has been lower in the past. He added that Lake Maumelle's water level is the lowest it has been since 1959.

Mr. Yarbro said that, in spite of the drought conditions, there is enough water in the lakes to meet the water needs of CAW's customers.

Approval of Board Minutes

Chair Rimmer called for a motion to approve the minutes to the December 8, 2005, meeting. Upon a motion duly made by Mr. Eddie Powell, Commissioner and seconded by Dr. Roby Robertson, Commissioner, the Board approved the minutes.

Lake Maumelle Watershed Update

Mr. Kirsch distributed a schedule of the planned meetings for the Policy Advisory Group (PAC), the Technical Advisory Group (TAC), and small property owners located within the Maumelle watershed.

Mr. Kirsch also said that the small property owners group will have two representatives on the PAC and Maumelle Water Management Corporation of Roland, Arkansas will submit two representatives to replace Mr. Ken Texter on the PAC.

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc., who attended the Board Meeting via telephone conference call, updated the Board on the progress of the Policy Advisory Council (PAC), the Technical Advisory Council (TAC), and the two public meetings.

Mr. Clements said that the PAC had decided to not proceed with the issue of aesthetics in their goals and objectives. He added that upcoming topics for the next meetings will address low impact development within the watershed, large lot developments with impervious surface limits, and review of assumption of future land use that will drive the baseline modeling analysis.

Mr. Clements said that the modeling process is moving forward at a very fast pace and should be available for use by March.

In response to Chair Rimmer's request for comments from the PAC representative from the Board, Mr. Tony Kendall, Commissioner, said that the PAC seems to work well together. Commissioner Kendall just added that staff needs to make sure that new members of the councils be provided all information to bring them up-to-date on the progress of the councils.

Video on Water Main Breaks in Albuquerque, New Mexico

While in Albuquerque, New Mexico recently, Mr. Harvey saw televised coverage of a water main break. Mr. Harvey asked Mr. Stan Benton, Director of Distribution, to show the video and compare the cost of repairs in Albuquerque with that of CAW.

Mr. Benton said that in 2005 CAW had 716 leaks in need of repair, of which up to 130 were main breaks. Mr. Benton added that the \$1.76 million cost of these repairs included labor, transportation, and pavement repairs. Mr. Benton further said that 108 of the 176 leaks were caused by private contractors and repairs were paid for by the private contractor.

Brushy Island Public Water Authority Update

Mr. Gary Pittman, Chief Financial Officer, said that funds from the Arkansas Department of Natural Resources (formerly Arkansas Soil & Water Commission) for Brushy Island Public Water Authority (Brushy Island) system improvements are in place and that construction on the project started last week.

Mr. Pittman also said that on December 16-20, CAW crews replaced old water meters from the Brushy Island system with the type of meters used by CAW.

Mr. Pittman stated that customers located within the Brushy Island area have been kept informed by letters mailed to each of them of the work being done, the purpose of the work, and the expected completion date of each phase of the work.

Transfer of Property at Junior Deputy Park

Mr. Blake Rutherford, attorney for CAW, said he is working with the City of Little Rock to transfer property owned by CAW on Cantrell Road in Little Rock. The transfer of the property, which abuts Junior Deputy Park, will be for the development of "Miracle Field", a hard surface baseball facility for disabled kids.

Mr. Rutherford said he is working with the city on easements and property distributions and is should be able to complete the transfer of property next week.

Mr. Rutherford said that no action is required by the Board at this time.

CAW Investment Policy and Resolution

Mr. Gerald Boon, C.P.A., Assistant Director of Finance, reminded the Board that staff had presented an investment policy and resolution at the December Board meeting. At that time, Commissioners asked for clarification on investment guidelines within the policy.

Mr. Boon said that the changes requested by the Commissioners had been incorporated into the investment policy.

Upon a motion duly made by Mr. Eddie Powell, Commissioner and seconded by Ms. M. Jane Dickey, Commissioner, the Board approved the policy and resolution.

Contracts/Agreements

Upon a motion duly made by Ms. M. Jane Dickey, Commissioner and seconded by Dr. Roby Robertson, Commissioner, the Board approved the following contracts/agreements:

- i. a purchase through the Arkansas State Vehicle Bid program of four (4) Ford Ranger extended cab pickup trucks from North Point Ford for a total of \$51,840 for use by the Customer Service-field department.
- ii. a one-year renewal of the contract with Heathcott Associates for public relations, communications, and advertising, effective February 15, 2006. (The current contract allows for two one-year extensions, contingent upon the firm's satisfactory performance on the contract. This term would be the first of the one-year renewals and would expire February 16, 2007.)
- iii. a contract with White River Construction Company for \$198,975 for the installation of approximately 1,500 linear feet of 12-inch-diameter ductile iron water main in Taylor Loop Road from Cantrell to Hinson Road
- iv. a contract with Kajacs Contractors, Inc., for \$700,000 for the installation of approximately 680 linear feet of 30-inch-diameter; 3,050 linear feet of 24-inch-diameter; 1,200 linear feet of 6-inch-diameter; and 640 linear feet of 2-inch-diameter ductile iron water main; and 640 linear feet of 2-inch-diameter Polyvinyl Chloride (PVC) water main in Arkansas Highway 107 from Kellogg Creek to Bayou Meto
- v. a contract with S & J Construction for \$388,854.31 for the installation of approximately 2,100 linear feet of 24-inch-diameter ductile iron water main in West 36th Street from Bowman Road to Interstate 430
- vi. an amendment to EMA, Inc., professional services contract not to exceed to \$100,000 to add work associated with replacing CAW's current Customer Information/Billing Software

Regionalism Report

Mr. Steve Morgan, Director of Regionalism & Future Water Source, updated the Board on the following regionalism issues:

- the owner of 75 acres located in the Lake Maumelle watershed has contacted CAW regarding the sale of the property. The property has been appraised at \$300,000 by Mr. Ron Bragg, M.A.I., a professional real estate appraiser.
- Discussion of a possible merger between CAW and the 145th Street Water & Sewer Improvement District (145th Street).

Mr. Jim Ferguson, Director of Engineering, said that CAW's Engineering Department surveyed 145th Street's water distribution system and found it to be compatible with CAW's water distribution system.

Mr. Fred Oswald, P.E., Engineer for the 145th Water & Sewer Improvement District, provided a status report of the discussions between 145th Street and CAW.

- Mr. Morgan indicated he will attend tonight's meeting of the Saline Water Alliance Board. Also will attend another Saline Water Alliance Board meeting scheduled for February 6.

Commission Briefing

Mr. Harvey briefed the Board on the following:

- departmental updates will begin with the February Board meeting
- The 90-day period required for the cities of Little Rock and North Little Rock to review a proposed rate increase will end on January 19, 2006. Barring dissension by the cities, the new water rate fees will go into effect January 1, 2007.

The Board took a short break.

Executive Session

The Board met in executive session.

Upon reconvening, Chair Rimmer said that the Board had considered a new employment contract for Mr. Harvey.

Upon a motion duly made by Commissioner Dickey and seconded by Commissioner Turbyfill, the Board approved the new contract with Mr. Harvey.

Adjournment

With there being no further business, Chair Rimmer adjourned the meeting.

Mr. Tony Kendall, Vice Chair

RESOLUTION 2006-01

**RESOLUTION APPROVING CENTRAL
ARKANSAS WATER INVESTMENT POLICY**

WHEREAS, Central Arkansas Water desires to establish a clear Investment Policy concerning cash funds, reserves and other monies it has available for investment;

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF CENTRAL ARKANSAS WATER THAT:

1. Central Arkansas Water adopts the Investment Policy attached hereto as Exhibit A; and

2. The Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, and the Assistant Director of Finance are authorized and directed to execute all documents, instruments and certificates required or necessary to carry out the foregoing resolution and take all other actions necessary or desirable in connection with and to comply with the Investment Policy.

The foregoing resolutions have been duly adopted by the Board of Commissioners of Central Arkansas Water at a meeting of the Board of Commissioners, Central Arkansas Water held on January 12, 2006.

Attest:



Dr. Roby Robertson, Secretary/Treasurer

APPROVED:



Thomas W. Rimmer, Chair

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

February 9, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, February 9, 2006, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Mr. Tom Rimmer, Sc.D., Chair
Mr. Tony Kendall, Vice Chair
Ms. M. Jane Dickey, Commissioner
Mr. Jay Hartman, Commissioner
Mr. Eddie Powell, Commissioner
Ms. Francille Turbyfill, Commissioner

Absent:

Mr. Roby Robertson, Ph.D., Secretary/Treasurer

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Gary Hum, Director of Source & Treatment
Mr. Allen Vincent, Director of Information Services
Ms. Becky Wahlgreen, Director of Human Resources
Mr. Gerald Boon, C.P.A., Assistant Director of Finance
Ms. Carolyn Johnson, Customer Service Supervisor-Office
Ms. Jackie Callahan, Customer Service Representative-Office
Ms. Connie Horn, Management Secretary
Ms. Kam Alston, Administrative Support Part-time/Temporary
Mr. Andrew Marsh, Administrative Support Part-time/Temporary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

In attendance by telephone conference:

Ms. Kimberley Brewer, A.I.C.P., Associate Director of Tetra Tech, Inc.

Also in attendance:

Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Mr. Bruce Brown, P.E., Principal with Brown Engineers
Mr. Dee Brown, P.E., Principal with Brown Engineers
Mr. Gary Heathcott, President of Heathcott Associates
Ms. Kathleen Oleson, Representative of the League of Women Voters of Pulaski County and Policy Advisory Council Alternate for Lake Maumelle Comprehensive Watershed Management Study

Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Call to Order of February 9 2006, Meeting

Mr. Tom Rimmer, Chair, called to order the February 9, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Employees System Suggestion Award

Chair Rimmer asked Mr. Gary Pittman, Chief Financial Officer, to introduce the two customer service employees present at the meeting.

Mr. Pittman introduced Ms. Carolyn Johnson, CAW's new Customer Service Supervisor-Office. Mr. Pittman said Ms. Johnson has been with the utility approximately a month and she comes to CAW with a great deal of experience and knowledge in the customer service field.

Mr. Harvey said Ms. Johnson previously had worked for the Department of Water & Wastewater Utilities in Oklahoma City and came with good recommendations from Mr. Jim Couch, utility manager at the time of her employment.

Mr. Pittman introduced Ms. Jackie Callahan, Customer Service Representative-Office, and said that Ms. Callahan had made a suggestion that improved customer service efficiency and customer relations.

Mr. Pittman asked Ms. Callahan to briefly describe her suggestion for the Board.

Ms. Callahan said that CAW policy currently allows customers to make arrangements twice a calendar year to pay water bills. Ms. Callahan stated she believes it would benefit both CAW and its customers to allow customers the opportunity for a third arrangement within a calendar year. She stated she believed it would lessen the number of orders to discontinue water service due to past-due bills thus save employee time. Chair Rimmer presented Ms. Callahan with an Employees Suggestion System Award certificate and a check for \$25 and thanked her for a job well done.

Approval of Board Minutes

Chair Rimmer called for a motion to approve the minutes to the January 12, 2006, meeting. Upon a motion duly made by Mr. Eddie Powell, Commissioner, and seconded by Mr. Jay Hartman, Commissioner, the Board approved the minutes.

Lake Maumelle Comprehensive Watershed Management Study

Ms. Kimberly Brewer, A.I.C.P., Associate Director of Tetra Tech, Inc., who attended the Board Meeting via telephone conference call, updated the Board on the progress of the Lake Maumelle Comprehensive Watershed Management Study, the Policy Advisory Council (PAC), and the Technical Advisory Council (TAC).

Ms. Brewer stated that the study is on schedule and on budget. She added that Tetra Tech had completed calibration of the Lake Maumelle Watershed and Lake Maumelle modeling and will review the baseline analysis in March 2006.

Ms. Brewer also stated that new appointments to the PAC were, as follows:

- Ms. Marge Brewster, Ph.D., primary representative – small property owners – northern watershed
- Mr. Earl Hillard, alternate representative – small property owners – northern watershed
- Mr. John M. Bentley, P.E., III, primary representative – small property owners – western watershed
- Mr. Ray Vogelpohl, alternate representative – small property owners – western watershed
- Mr. James Dietz, alternate representative for the North Little Rock Chamber of Commerce
- Mr. Jeff Allison, primary representative for water supply systems within the watershed and board member for Maumelle Water Corporation

Ms. Brewer added that Tetra Tech held an orientation session January 13, 2006, for the new representatives in order to bring them up to date on the study and progress by the council.

She also announced that public meetings will be February 13, 14 and 15, and Tetra Tech will present a summary of public comments at the PAC's February 16 meeting.

Human Resources Update and Recommendation

Ms. Becky Wahlgreen, Director of Human Resources, updated the Board on CAW's Employee Wellness Programs.

Ms. Wahlgreen said CAW provides an employee assistance program (EAP) for personal issues that may affect an employee's job performance; drug and alcohol rehabilitation; incentives for tobacco-use cessation; and incentives for weight loss for employees who are medically overweight. Ms. Wahlgreen stated that the programs are widely used by CAW employees. She said the programs benefit employees through longer and healthier lives and benefit the utility through healthier employees and reduced costs associated with other employee benefit programs.

Ms. Jane Dickey, Commissioner asked whether staff had considered offering specific programs/products to assist in the tobacco-cessation program. Ms. Wahlgreen said CAW does not offer specific products but had provided a series of tobacco-cessation classes. She said that while the classes were well attended, all the employees who attended have withdrawn from the tobacco-cessation program. She said CAW does offer a monetary incentive to an employee who successfully stops using tobacco products.

Ms. Wahlgreen also reported on CAW's Vision, Hearing, Etc., Plan. Ms. Wahlgreen stated that the plan began in 1997 and provides reimbursement to eligible employees with at least one year of service for out-of-pocket health-care expenses not covered by group health and dental insurance. Ms. Wahlgreen said the utility had increased the benefit only once since the program began and that health-care costs have risen steadily since that time. She said the current benefit provides up to \$100 in reimbursement for out-of-pocket health-care expenses each year.

Ms. Wahlgreen stated that to encourage employees to take proactive measures to maintain good health, which directly affects CAW's ability to maintain costs associated with other employee benefits, staff is recommending increasing the Vision, Hearing, Etc., benefit to \$200. She indicated that statistics show that for every \$1 an employer spends on wellness programs, the employer experiences a savings of more than \$3 in other areas.

The Board asked staff to consider options other than an increase in the plan amount to enhance the wellness program.

Approval of Contracts/Agreements

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Dickey, the Board approved the following contracts/agreements:

- i. contract for the purchase of various sized copper pipe and fittings for the installation of water meters:

| | |
|-------------------------|---------------|
| National Water Works | \$ 137,224.50 |
| Arkansas Water Products | \$ 58,720.00 |
| Little Rock Win Water | \$ 25,900.00 |
| Hughes Supply | \$ 16,952.50 |

- ii. contract for the purchase of various sized water meters:

| | |
|---------------------|---------------|
| Badger Meters, Inc. | \$ 438,054.00 |
| Heresy Meters | \$ 2,295.00 |
| National Waterworks | \$ 39,529.36 |

- iii. Contract with Building & Utility Contractors, Inc., for \$297,620 for the installation of approximately 640 linear feet of 16-inch-diameter; 3,500 linear feet of 8-inch-diameter; and 65 linear feet of 6-inch-diameter ductile iron water line in Mabelvale Pike from Chicot Road to Shiloh Drive in Little Rock. (This project is in conjunction with the City of Little Rock Public Works Street Improvement Project.)
- iv. Renewal of a joint agreement between CAW and the U.S. Geological Survey (USGS) for the water quality assessment and monitoring program for the drinking water supply reservoirs, Lake Maumelle and Lake Winona. As a result of increased monitoring required by the Lake Maumelle Comprehensive Watershed Management Study, CAW's cost increased from \$84,000 to \$211,140. (This project has been ongoing under a 50-50 cost-share agreement since 1989.)
- v. Service agreement with Systems & Software Inc., not to exceed \$800,000, to upgrade CAW's Customer Information System.

Lake Maumelle Watershed Update

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management, updated the Board on the PAC and TAC meetings and the progress of the Lake Maumelle Comprehensive Watershed Management Study.

Mr. Kirsch told the Board that he will attend a meeting at the Arkansas Department of Health and Human Services on Friday for a discussion on protection of drinking water reservoirs. Mr. Kirsch said representatives from Beaver Water District, the City of Fort Smith, and the City of Hot Springs also would be in attendance.

Mr. Kirsch also told the Board there will be a March 8, 2006, pre-trial hearing on Caw's watershed condemnation case involving Deltaic Timber Corporation. (Deltic has proposed a 700-acre residential development in Zone 1.)

Mr. Kirsch added that attorneys for Waterview Estates have received two different appraisals on property in condemnation proceedings. He said attorneys for CAW are reviewing the appraisals. Mr. Kirsch added that there is no hearing date has been set in this case. (Water view Estates, L.L.C., has proposed a residential development for 300 acres in Zone 1.)

Regionalism Report

Mr. Steve Morgan, Director of Regionalism & Future Water Source, updated the Board on the following regionalism issues:

- U.S. Army Corps of Engineers – The Corps has said the environmental assessment on the Mid-Arkansas Water Alliance’s (MAWA) request to take water from Greers Ferry Lake and Lake Ouachita is being delayed due to ongoing disaster relief work in the Mississippi and Louisiana area. (In September 2005, two consecutive hurricanes hit areas in Mississippi and Louisiana.) The Corps has asked approval from MAWA to outsource the analysis of the environmental assessment to Gulf Engineering Consultants. The MAWA Board is in complete support of finishing the assessment as soon as possible and, with outsourcing, expects completion of the assessment within 45 days of the Corps issuing notices to proceed.
- Saline Watershed Alliance (SWA) – SWA plans to purchase 12 million gallons per day (MGD) of supplemental water from CAW. The alliance is continuing with plans to fund and construct the system needed to take water from Lake Winona, as outlined in the Long-term Water Supply Study by Russom Technical Services, L.L.C. (RTS).
- City of Bryant – CAW has received a check for \$110,000 from the city to cover 50% of the installation cost for an additional pump and additional piping necessary to meet Bryant’s request for an additional 1.1 MGD. Upon completion, CAW will invoice Bryant for the remaining actual cost of the work.
- Maumelle Water Corporation (Roland) – CAW staff continues to work with Maumelle Water on its request for supplemental water from CAW.
- Wye Mountain Water Association – The association has indicated interest in purchasing supplemental water from CAW.
- 145th Street Water & Sewer Improvement District (145th Street) – Staff continues to work with the district on a possible merger with CAW.
- Grand Prairie Regional Water Distribution District – On January 31, CAW received a letter from legal counsel representing Grand Prairie asking CAW to sell water to Grand Prairie as a master-metered customer in order to provide water service to Bay Meadows Subdivision. (The City of North Little Rock recently annexed Bay Meadows Subdivision.)

Commission Briefing

Mr. Harvey briefed the Board on the following:

- A decrease in water revenues from the same time period in 2005 due to warm weather. Mr. Harvey explained that the weather has not been cold enough to require people to run a stream of water from their faucets to prevent frozen pipes, which typically increase winter water usage during the month of January.

- In response to a presentation by Mr. Dennis Yarbrow, P.E., Supervisor of Water Sources, before the City of Little Rock Board of Directors on lake levels and the drought situation in Central Arkansas, Mr. Harvey sent a follow-up letter to Little Rock and North Little Rock providing further in-depth information. Mr. Harvey stated that Mayor Dailey had sent an e-mail thanking staff for the thorough update and complimented CAW staff on doing a great job.

Mr. Tony Kendall, Commissioner, said that he thought the informative nature of the letter was outstanding.

- The American Water Works Association (AWWA) is conducting a Benchmarking Performance Indicator Survey and CAW has agreed to participate. Mr. Harvey said the survey is a great opportunity to learn how CAW compares to other utilities. He also mentioned that a memorandum from Mr. Jack W. Hoffbuhr, Executive Director of AWWA, indicated that more than 200 utilities participated in the 2004-2005 survey.

The Board took a short break.

Executive Session

The Board adjourned the Open Session and convened in Executive Session.

Upon reconvening in Open Session, Chair Rimmer said the Board is taking no action at this time.

Adjournment

With there being no further business, Chair Rimmer adjourned the meeting.

Dr. Roby Robertson, Secretary

RESOLUTION 2006-02

RESOLUTION APPROVING AMENDMENT TO THE CENTRAL ARKANSAS WATER SECTION 125 CAFETERIA PLAN TO PROVIDE FOR A \$200 EMPLOYER CONTRIBUTION FOR BENEFITS

WHEREAS, Central Arkansas Water maintains the Central Arkansas Water Section 125 Cafeteria Plan (the "Plan") for the benefit of its employees; and

WHEREAS, Section 3.1 of the Plan currently provides that Central Arkansas Water shall contribute \$100.00 per eligible Plan participant each year to pay for certain benefits available under the Plan; and

WHEREAS, Central Arkansas Water desires to amend the Plan to increase Central Arkansas Water's contribution under the Plan;

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF CENTRAL ARKANSAS WATER THAT:

1. Central Arkansas Water amends and restates Section 3.1 of the Plan, in its entirety, to read as follows:

The Employer shall make available to each eligible Participant an Employer Contribution equal to \$200.00 per eligible Participant each Plan Year to pay for glasses (frame and lenses), contact lenses, eye examinations, hearing examinations (if not covered by insurance), employee health, dental and drug co-pays, co-insurance and deductibles. Each eligible Participant's Employer Contribution shall be converted to Cafeteria Plan Benefit Dollars and be available to purchase Benefits pursuant to Article IV.

2. The Chief Executive Officer and the Director of Human Resources are authorized and directed to execute all documents, instruments and certificates required or necessary to carry out the foregoing resolution and take all other actions necessary or desirable in connection with the foregoing resolution.

The foregoing resolutions have been duly adopted by the Board of Commissioners of Central Arkansas Water at a meeting of the Board of Commissioners of Central Arkansas Water held on February 9, 2006.

Attest:

APPROVED:

Dr. Roby Robertson
Secretary/Treasurer

Thomas W. Rimmer
Chair

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Board of Commissioners
Central Arkansas Water

March 9, 2006

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Present:

Mr. Tom Rimmer, Sc.D., Chair
Mr. Tony Kendall, Vice Chair
Mr. Roby Robertson, Ph.D., Secretary/Treasurer
Ms. M. Jane Dickey, Commissioner
Mr. Eddie Powell, Commissioner
Ms. Francille Turbyfill, Commissioner

Absent:

Mr. Jay Hartman, Commissioner

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Gerald Boon, C.P.A., Assistant Director of Finance
Ms. Deena Coston, C.P.A., Controller for CAW
Mr. Dale Kimbrow, Planning Manager for CAW
Mr. Blake Weindorf, Senior Engineer for CAW
Mr. Joe O'Hara, CAW Engineer
Mr. Thomas Wray, CAW Engineer
Ms. Karen Hightower, Engineering Department Administrative Assistant
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

In attendance by telephone conference:

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and Policy Advisory Council
and Member for Lake Maumelle Comprehensive Watershed Management Study
Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Mr. Dee Brown, P.E., Principal with Brown Engineers
Ms. Amy Fields, Assistant City Attorney with the City of North Little Rock
Mr. Gary Heathcott, President of Heathcott Associates
Ms. Rachel L. Kremer, C.P.A., Moore, Stephens, Frost

Mr. Mike Marlar, P.E., President, Marlar Engineering
Mr. Jeff Mascagni, C.P.A., Senior Accountant with Moore, Stephens, Frost
Mr. Charles Nestrud, attorney with Chisenhall, Nestrud & Julian law firm, which represents Deltic
Timber Corporation
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed

Call to Order of March 9, 2006. Meeting

Mr. Tom Rimmer, Chair, called to order the March 9, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Approval of Board Minutes

Chair Rimmer called for a motion to approve the minutes to the February 9, 2006, meeting. Upon a motion duly made by Mr. Eddie Powell, Commissioner, and seconded by Mr. Roby Robertson, Commissioner, the Board approved the minutes.

Lake Maumelle Comprehensive Watershed Management Study

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc., who attended the Board Meeting via telephone conference call, updated the Board on the progress of the Lake Maumelle Comprehensive Watershed Management Study, the Policy Advisory Council (PAC), and the Technical Advisory Council (TAC).

Mr. Clements reported that since the last Board meeting, public meetings were held at the Williams Junction Volunteer Fire Station in Perry County, at the Winfield United Methodist Church (20100 Cantrell Road) in Pulaski County, and at the William F. Laman Public Library in North Little Rock.

Mr. Clements reported that the meeting in Perry County was attended by 85 people and about 35 attended the Pulaski County meeting. He added that most of the attendees at the North Little Rock meeting were advisory council members. Mr. Clements said that he provided to those attending the meetings an overview on management options.

According to Mr. Clements, the meetings resulted in very different outcomes. He said that some of those in attendance at the Perry County meeting were very vocal in their opposition and that the opposition was led by State Senator Robert Johnson. He added some attendees indicated to him either verbally after the meeting or later in writing an openness to the idea of a watershed plan, but that they are highly opposed to buffers on their property. Mr. Clements further stated that many thought there should be guidance and controls for developers.

Mr. Clements said that the meeting in Pulaski County had a diverse group of people in attendance and that there was excellent dialogue.

Mr. Clements said that the meeting at the Laman Library in North Little Rock was mostly attended by advisory council members and therefore had little input from the public.

Mr. Clements said that Tt has completed the baseline analysis and is currently working on the modeling for the watershed and lake. He added that a full documentation of the baseline analysis will be available at the April Board meeting.

Mr. Clements told the Board that the study is currently on schedule and within budget.

Lake Maumelle Watershed Update

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management, updated the Board on the PAC and TAC meetings and the progress of the Lake Maumelle Comprehensive Watershed Management Study.

Annual Independent Auditor's Report

Mr. Gary Pittman, Director of Finance, introduced Ms. Rachel L. Kremer, C.P.A., Moore, Stephens, Frost, to report on the independent auditor's report for 2005.

Ms. Kremer told the Board that there were no problems or concerns with the annual audit and answered questions from the Board. She also expressed appreciation for the cooperativeness of CAW staff.

Upon a motion duly made Ms. M. Jane Dickey, Commissioner, and seconded by Mr. Eddie Powell, Commissioner, the annual audit was approved.

Approval of Contracts/Agreements

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Dickey, the Board approved the following contracts/agreements:

- i. a contract with RP Power, LLC for \$60,920 for the purchase of two generator sets and automatic transfer switches for Pump Stations #17 and #26.
- ii. a contract with Graves Construction & Maintenance Co. Inc., for \$289,261.35 for the installation of approximately 7,300 linear feet of 2-inch-diameter polyvinyl chloride water line to replace existing 2-inch-diameter galvanized water line.

Engineering Department Update

Mr. Jim Ferguson, Director of Engineering, introduced Mr. Blake Weindorf, Senior Engineer for CAW; Mr. Joe O'Hara and Mr. Thomas Wray, CAW Engineers; and Mr. Dale Kimbrow, Planning Manager for CAW. Mr. Ferguson asked Mr. Weindorf, Mr. O'Hara, and Mr. Wray, to provide updates on their areas within the Engineering Department.

At Mr. Ferguson's request, Mr. Kimbrow provided a history as to service areas of the Grand Prairie Regional Water Distribution District (Grand Prairie) and CAW. (The City of North Little Rock recently annexed Bay Meadows subdivision, an area that is located within Grand Prairie's service area. CAW has been asked to sell water to Grand Prairie as a master-metered customer in order to allow them to provide water service to Bay Meadows Subdivision.)

Mr. Tad Bohannon, counsel for CAW, discussed the current concerns with the Grand Prairie service areas and their request to be a master-metered customer.

After some discussion by the Board, Commissioner Powell asked staff to come back with recommendations on how to proceed with Grand Prairie's request.

Mr. Harvey said they would start a dialogue with representatives from Grand Prairie.

Regionalism Report

Mr. Steve Morgan, Director of Regionalism & Future Water Source, updated the Board on the following regionalism issues:

- Saline Watershed Alliance (SWA) – A steering committee has been formed and assigned the task of formulating a definitive action plan to secure supplemental water.
- 145th Street Water & Sewer Improvement District – CAW is currently reviewing their rates and the best approach in producing a smooth transition in merging this water system into CAW

Mr. Morgan added that Dr. Angi Brenton, Dean of the College of Professional Studies, University of Arkansas at Little Rock (UALR), notified him that the Mid-Arkansas Water Alliance (MAWA) will receive UALR's "Organization of the Year" award at a luncheon on April 24th. He explained that, according to Dr. Brenton, UALR's "Organization of the Year" award is one of four community awards presented by UALR each year. He further explained that it is an award honoring an organization that embodies the values and professionalism that are reflected by programs at UALR's College of Professional Studies. Mr. Morgan added that Dr. Brenton said that they chose MAWA to receive the award because MAWA illustrates regional cooperation on pressing public problems.

Commission Briefing

Mr. Harvey briefed the Board on the following:

- CAW sponsored a "Fireside Chat" meeting for the Rotary Club of Little Rock on March 7 at the Jack H. Wilson Water Treatment Plant. Immediately following the meeting, Mr. Gary Hum, Director of Source & Treatment, conducted a tour of the plant facilities for several of the meeting attendees. Mr. Harvey said that many positive comments were received from those taking the tour.

Commissioner Dickey said that she had heard about the fireside chat and tour and that a comment was made to her that "Jim Harvey is a jewel and that CAW is lucky to have him", that "the treatment plant is a marvel" and that many are "unaware of the valuable asset we have" in relation to the treatment plant.

- Mr. Dale Russom, principal of Russom Technical Services, L.L.C, is working with the Landbank Committee that was formed by Little Rock City Director Joan Adcock. (The primary purpose of the committee is to look at the problem with vacant and abandoned property in Little Rock.) As the process progressed, it became apparent that the major problem was a lack of data sharing among the various municipal agencies as well as a lack of parcel data in Little Rock. Mr. Russom has been in contact with several state, county and city agencies and, by working with the Pulaski Area Geographic Information Services (PAgis), has been reviewing the database structure and workflow methods of the municipal agencies. The purpose of the review is to point out the diversity among the agencies and to show where standardization and centralization of common use information will be beneficial to all, including CAW.

The Arkansas Geographical Information Office (AGIO) issued a contract for one meter accuracy state wide aerial photos. PAgis has piggybacked on the state contract to get Pulaski County flown at a higher accuracy of one foot, and also to get four foot elevation contours in the county.

PAgis is able to do this at a discounted cost by partnering with the State of Arkansas.

- Mr. Harvey noted that he will be starting jury duty Monday, March 20.
- Bids for construction of the police substation located at Cumberland and Capitol Avenue have been received and construction should begin soon. The projected cost share for CAW will be under \$51,000. (As a provision of the sale of the property to the Little Rock Police Department, CAW agreed to pay for the cost of repaving the parking lot and sewer line improvements on the property.)

Adjournment

With there being no further business, Chair Rimmer adjourned the meeting.

Dr. Roby Robertson, Secretary

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

April 13, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, April 13, 2006, in the Second Floor Conference Room of the Jack H. Wilson Water Treatment Plant, Little Rock, Arkansas.

Present:

Mr. Tom Rimmer, Sc.D., Chair
Mr. Tony Kendall, Vice Chair
Dr. Roby Robertson, Ph.D., Secretary/Treasurer
Ms. M. Jane Dickey, Commissioner
Mr. Jay Hartman, Commissioner
Mr. Eddie Powell, Commissioner
Ms. Francille Turbyfill, Commissioner

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Mr. Stan Benton, Director of Distribution
Mr. Jim Ferguson, Director of Engineering
Mr. Gary L. Hum, Director of Source & Treatment
Ms. Connie Horn, Management Secretary
Ms. Sharon Sweeney, Laboratory Technician
Mr. David London, Maintenance Supervisor
Ms. Cathy Marvel, Source & Treatment System and Administrative Coordinator
Mr. Doug Graham, Water Treatment Plant Supervisor
Mr. Richard Atlas, Instrument Technician II
Mr. Blake Weindorf, P.E., Senior Engineer
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

In attendance by telephone conference:

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and Policy Advisory Council Member for Lake Maumelle Comprehensive Watershed Management Study
Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Mr. Dee Brown, P.E., Principal with Brown Engineers
Ms. Pat Dicker, Pulaski Quorum Court Member, District 7 and Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Herb Dicker, President of Little Rock Neighborhood Connections and Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study

Mr. Gary Heathcott, President of Heathcott Associates
Mr. Mike Marlar, P.E., President, Marlar Engineering
Ms. Cindy Murphy, Reporter for *Arkansas Democrat-Gazette*
Mr. Charles Nestrud, attorney with Chisenhall, Nestrud & Julian law firm, which represents
Deltic Timber Corporation
Ms. Kathleen Oleson, Representative of the League of Women Voters of Pulaski County
and Policy Advisory Council alternate of Policy Advisory Council for Lake Maumelle
Comprehensive Watershed Management Study
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle
Watershed
Mr. Kirby Rowland, P.E., Vice President of Garver Engineers

Call to Order of April 13, 2006, Meeting

Mr. Tom Rimmer, Chair, called to order the April 13, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Employee Suggestion System Award

Mr. Stan Benton, Director of Distribution, introduced Mr. Richard Atlas, Instrument Technician II, and Mr. David London, Maintenance Supervisor.

Mr. Benton said that Mr. Atlas had made a suggestion to improve the efficiency of CAW operations and asked Mr. London to provide the Board with a brief explanation of the suggestion. Mr. Atlas also explained to the Board how his suggestion came about and how it would improve efficiency in the workplace.

Chair Rimmer presented Mr. Atlas with a certificate and monetary award for this suggestion and thanked him for a job well done.

Presentation of Service Award to Commissioner Hartman

Chair Rimmer presented a one-year service award pin to Mr. Jay Hartman, Commissioner, for his service to CAW's Board of Commissioners. Chair Rimmer thanked Commissioner Hartman for his service and dedication to the Board.

Approval of Board Minutes

Chair Rimmer called for a motion to approve the minutes to the March 9, 2006, meeting. Upon a motion duly made by Mr. Tony Kendall, Vice Chair, and seconded by Commissioner Hartman, the Board approved the minutes.

Lake Maumelle Comprehensive Watershed Management Study

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc., (Tt) who attended the Board Meeting via telephone conference call, updated the Board on the progress of the Lake Maumelle Comprehensive Watershed Management Study, the Policy Advisory Council (PAC), and the Technical Advisory Council (TAC).

Mr. Clements reported that the PAC last met on March 16. He reviewed the results of the baseline analysis comparing existing conditions to potential future build-out conditions if no further management actions occurred. He said that the results show the potential magnitude of impact if no plan is adopted and also help to show the activities and sources of contamination on which management should focus.

Mr. Clements said that the PAC also discussed and endorsed the recommended lake targets that establish levels in the lake for key indicators that reflect conditions needed to meet the adopted goals and objectives for the management plan.

Mr. Clements said that the next PAC meeting is scheduled for May 18.

Mr. Clements said that the TAC is meeting with council members individually to develop assumptions for management scenario evaluations. He added that this individual interaction will continue throughout the evaluation period and conference call meetings of the full TAC will be held as needed.

Mr. Clements said that since the lake targets have been determined by the PAC and TAC, Tt is proceeding to determine loading allocations to the lake that will meet these targets. He stated that Tt experts and modelers worked together to refine the lake model to ensure technically sound performance in the allocation range of loading.

Chair Rimmer stated that he thought it significant that the lake targets were reached by unanimous agreement within the TAC and the PAC.

Ms M. Jane Dickey, Commissioner and Policy Advisory Council Member for Lake Maumelle Comprehensive Watershed Management Study, said that the guidelines of the councils are that policy be determined by a consensus of each council.

Mr. Clements said that once allocations are established, the loads will be translated into performance standards for three proposed management zones. He added that the management zones reflect proximity to the water supply intake, with the most stringent performance standards being proposed for the zone closest to the intake.

Lake Maumelle Watershed Update

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management, updated the Board on the PAC and TAC meetings and the progress of the Lake Maumelle Comprehensive Watershed Management Study.

Whistleblower Policy

Mr. Gary Pittman, Chief Financial Officer, said that auditors for CAW have recommended that CAW adopt a Whistleblower Policy. He presented a Whistleblower Policy and Resolution for Board consideration.

After some discussion of the policy, the Board asked staff to make certain changes to the policy.

Upon a motion duly made by Dr. Roby Robertson, Secretary/Treasurer, and seconded by Ms. Francille Turbyfill, Commissioner, the resolution to adopt a whistleblower policy was approved.

Approval of Contracts/Agreements

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Dickey, the Board approved the following contracts/agreements:

- i. a contract with Check Free Corporation to consolidate electronic bill paying services under one vendor (value of contract is contingent upon customer use of the services)
- ii. a contract with Building & Utility Contractors, Inc., for \$373,975 for the installation of approximately 3,500 linear feet of 12-inch-diameter ductile iron water line; 100 linear feet of 8-inch-diameter ductile iron water line; and 200 linear feet of 2-inch-diameter Polyvinyl Chloride (PVC) water line; to replace a 12-inch-diameter asbestos cement water line and 2-inch-diameter long-side water services in University Avenue, from I-630 to West 19th Street in Little Rock
- iii. a contract with Baumgartner General Contractors, Inc., for \$5,092,000.50 for construction of a new pump station in conjunction with the North Belt Transmission Main project (CAW's portion equals \$2,741,800)

Update on Source & Treatment Department

Mr. Gary Hum, Director of Source & Treatment, reported to the Board on upcoming projects. After a question and answer session, the Board thanked Mr. Hum for his informative report.

Regionalism Report

Mr. Steve Morgan, Director of Regionalism & Future Water Source, updated the Board on the following regionalism issues:

- The U.S. Corps of Engineers has completed the environmental assessment on the Mid-Arkansas Water Alliance's (MAWA) request to take water from Greers Ferry Lake and Lake Ouachita and the report should be available at the June Board meeting.
- Saline Watershed Alliance (SWA) – A steering committee that has been formed has decided to use a two-step program to address their need for a future water source: 1) pool the water resources the members currently have available; and 2) to take water from Lake Winona for current use and to look to Lake Ouachita for future use. They believe the pooling of their assets should give them enough water for the next eight years.
- Conway Corporation (City of Conway) water source levels remain low and they are currently in conservation mode.
- CAW staff is currently in discussion with Grand Prairie Regional Water Distribution District regarding their request to purchase water from CAW.
- The Paron-Owensville Water Users Association has a new water commission and have made no decision regarding the purchase of raw water from CAW.
- The 145th Street Water & Sewer Improvement District (145th Street) has verbally agreed to adopt the same billing system used by CAW. CAW legal counsel is working on a written agreement.

Commission Briefing

Mr. Harvey briefed the Board on the following:

- CAW's contract for an audit firm has expired and a committee will be formed to review proposals for a new auditing firm. Mr. Harvey suggested a Commissioner may want to be part of that committee.
- Mr. Harvey asked Mr. Thad Luther, Chief Operating Officer, to update the Board on cell tower agreements.

Mr. Luther said that CAW had reached a verbal agreement with the City of Little Rock on the sharing of revenue from cellular tower contracts. Currently, the city receives 85% and CAW receives 15% of the revenue derived from the contracts. The new agreement changes that percentage so that the city and CAW will equally share the revenue from new cellular tower agreements.

- Mr. Bruno Kirsch, Jr., P.E., Director of Watershed Management and Chief Operating Officer, and the late Mr. Ron Brown, former Assistant Finance Director for Central Arkansas Water, will be the State of Arkansas' 2006 inductees into the Glen T. Kellogg Water & Wastewater Hall of Fame. The awards are in recognition of their lifetime contributions to and achievements in the public drinking water supply industry on the local, state, regional, and international levels. The official induction will be May 2, in conjunction with the Annual Banquet of the 2006 Annual Conference, Short School, & Expo of the Arkansas Water Works & Water Environment Association (AWW&WEA).
- Mr. Kirsch participated in the American Water Works Association's Fly-In held in Washington, DC. The purpose of this annual event is to give water officials the opportunity to meet with legislators on matters relating to the water industry.

Adjournment

With there being no further business, Chair Rimmer adjourned the meeting.

Dr. Roby Robertson, Secretary

RESOLUTION 2006-03

**RESOLUTION APPROVING CENTRAL ARKANSAS WATER
WHISTLE BLOWER POLICY**

WHEREAS, Central Arkansas Water desires to establish a clear Policy for the protection of Whistle Blowers to further the interests of Central Arkansas Water and the conduct of business relationships with honesty and integrity.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER THAT:

1. Central Arkansas Water adopts the Whistle Blower Policy attached hereto as Exhibit A; and
2. The Chief Executive Officer, the Chief Operating Officers, the Chief Financial Officer, and the Assistant Director of Finance are authorized and directed to execute all documents, instruments and certificates required or necessary to carry out the foregoing resolution and take all other actions necessary or desirable in connection with and to comply with the Whistle Blower Policy.

The foregoing resolutions have been duly adopted by the Board of Commissioners of Central Arkansas Water at a meeting of the Board of Commissioners, Central Arkansas Water held on April 13, 2006.

Attest:

APPROVED:

Dr. Roby Robertson
Secretary/Treasurer

Tom Rimmer
Chair

Minutes of a Special Meeting
Board of Commissioners
Central Arkansas Water

April 21, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a Special Meeting via telephone conference call at 1 p.m. Friday, April 21, 2006, in the Third Floor Board Room of the Capitol Avenue Utilities Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present by telephone conference:

Mr. Tony Kendall, Vice Chair
Dr. Roby Robertson, Secretary/Treasurer
Ms. M. Jane Dickey, Commissioner
Mr. Jay Hartman, Commissioner
Mr. Eddie Powell, Commissioner
Ms. Francille Turbyfill, Commissioner

Absent:

Mr. Thomas W. Rimmer, Vice Chair

CAW staff in attendance:

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Ms. Connie Horn, Management Secretary
Ms. Shaní Canada, Administrative Support Part-time/Temporary

Call to Order of April 21, 2006, Meeting

Mr. Tony Kendall, Vice Chair, called to order the April 21, 2006, Special Called Board Meeting.

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management, stated that the purpose of the called meeting was to consider the purchase of a 9.4-acre tract of land with house located within the Lake Maumelle watershed in Pulaski County.

Mr. Steve Morgan, Director of Regionalism & Future Water Source, told the Board that CAW has offered to purchase the land and house from Mr. David and Mrs. Elizabeth Cannon for the appraised value of \$250,000. He added that the offer has been accepted by the landowner, contingent upon Board approval.

Mr. Morgan told the Board that the appraisal had been conducted by Mr. Jay Hall on behalf of the property owner. Mr. Morgan added that the appraiser used by CAW, Mr. Ron Bragg, endorsed Mr. Hall's professionalism and said he would have no problem accepting Mr. Hall's appraisal.

Upon a motion duly made by Ms. Francille Turbyfill, Commissioner, and Mr. Eddie Powell, Commissioner, the Board approved the motion.

Adjournment

With there being no further business, the meeting was adjourned.

Dr. Roby Robertson, Secretary

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

May 11, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, May 11, 2006, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Mr. Tom Rimmer, Sc.D., Chair
Mr. Tony Kendall, Vice Chair
Dr. Roby Robertson, Ph.D., Secretary/Treasurer
Ms. M. Jane Dickey, Commissioner
Mr. Jay Hartman, Commissioner
Mr. Eddie Powell, Commissioner
Ms. Francille Turbyfill, Commissioner
Ms. Barbara Graves, Vice Mayor of the City of Little Rock and Liaison to CAW Board

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, Director of Engineering
Mr. Gary L. Hum, Director of Source & Treatment
Ms. Carolyn Johnson, Customer Service Supervisor-Office
Mr. Jeff Mascagni, Controller
Ms. Connie Horn, Management Secretary
Ms. Jackie Callahan, Customer Service Representative-Office
Mr. Rodney Johnson, Supervisor of Lake Winona
Ms. Tondelayo Wesley-Wayne, Customer Service Representative-Office
Ms. Shaní Canada, Administrative Support Part-time/Temporary
Ms. Nicole Lacy, Administrative Support Part-time/Temporary
Mr. Blake Rutherford, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Mr. Gary Heathcott, President of Heathcott Associates
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Ms. Robin Vaughn, Representative of U.S. Forest Service

Call to Order of May 11, 2006, Meeting

Mr. Tom Rimmer, Chair, called to order the May 11, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Employee Suggestion System Award

Mr. Gary Pittman, Chief Financial Officer, said that Ms. Jackie Callahan and Ms. Tondelayo Wesley-Wayne, Customer Service Representatives-Office, had submitted a suggestion to improve utility efficiency. Mr. Pittman asked them to describe their suggestion.

Ms. Wesley-Wayne said that they had suggested the Arkansas One-Call phone number be listed on customer's bills each month. (Arkansas One Call is the entity that notifies utilities that a request has been made to locate their service lines before digging.) She said that their idea was to encourage people to call for utility locations before digging by listing the phone number on their water bill.

Chair Rimmer presented Ms. Callahan and Ms. Wesley-Wayne with a certificate and check and thanked them for their suggestion.

Approval of Board Minutes

Chair Rimmer called for a motion to approve the minutes of the regular April 13, 2006 meeting and the April 21, 2006, special called meeting.

Upon a motion duly made by Mr. Eddie Powell, Commissioner, and seconded by Mr. Jay Hartman, Commissioner, the Board approved the minutes.

Annual Report from U.S. Forest Service

Mr. Harvey reminded the Commissioners that each year the U.S. Forest Service provides an update on activities within the Lake Winona Watershed. Mr. Harvey added that over the years, CAW has had a tremendous working relationship with the Forest Service in protecting the Lake Winona watershed.

Mr. Harvey introduced Ms. Robin Vaughn, Representative of U.S. Forest Service.

Ms. Vaughn presented an overview of the various programs under the Forest Services' management that affects the Lake Winona Watershed.

Nominating Committee for Board Officers

Chair Rimmer stated that a nominating committee is needed to consider selection of officers of the CAW Board of Commissioners. He further stated that the committee would also consider the appointment/reappointment of Chair Rimmers' position of commissioner. (Chair Rimmer's commission position expires on June 30, 2006.)

After some discussion, Commissioner Powell and Dr. Roby Robertson, Commissioner, volunteered to serve on the Nominating Committee, with Commissioner Powell serving as Chair.

Chair Rimmer asked the Nominating Committee to be prepared at the next meeting to nominate officers for the 2006-2007 term and an appointment/reappointment for the upcoming commission vacancy.

Approval of Contracts/Agreements

- i. a contract with Koontz Electric, Inc., for \$158,581 for the installation of an electronic soft-starter for existing Pump No. 1; the installation of a new Pump 4 (2,750 gallons per minute) along with associated appurtenances; and the relocation of the existing Gen-Set Connection Center at Booster Pumping Station #14 (Mabelvale).
- ii. a contract with Warrior of Arkansas, Inc., in the amount of \$863,240.62 for the purchase/repurchase of 22 backhoe loaders (Warrior of Arkansas will re-purchase the backhoes from CAW in July 2007 at a price of \$807,469.88, which would leave a net cost to CAW of \$55,770.88.)

Ms. M. Jane Dickey, Commissioner, stated that she would abstain from voting on the contract for the purchase of backhoes as she had not received the list of bidders in time to review for conflict of interest.

Upon motions duly made by and seconded, the Board approved the contracts.

Update on Communications Program

Mr. Marie Crawford, Director of Communications, reported to the Board on upcoming communications projects.

Chair Rimmer thanked Ms. Crawford for a very impressive presentation.

Lake Maumelle Watershed Update

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management, updated the Lake Maumelle Comprehensive Watershed Management Study.

Mr. Kirsch said that the Policy Advisory Council (PAC) has not met since the last Board meeting, but that the Technical Advisory Council (TAC) had met via a telephone conference call on May 5.

Mr. Kirsch said that at the May 5 TAC meeting, Tetra Tech, Inc., (Tt) the consultant working for CAW on the watershed study, proposed several management scenarios and would have further information on this at the next TAC meeting to be held in late May.

Mr. Kirsch said that the next PAC meeting is Thursday, May 18 at 6 p.m. in the Third Floor Board Room of the Arkansas Arts Center, 501 East Ninth Street in Little Rock. He added that no voting will take place at this meeting as it will be an informational only meeting.

Regionalism Report

Mr. Steve Morgan, Director of Regionalism & Future Water Source, updated the Board on the following regionalism issues:

- Bids for completion of two phases of the Northbelt Transmission Main project were substantially more than originally forecasted. The City of Cabot, which is a partner in this project, is re-evaluating their future water source options due to the increased costs. (Partnering with CAW in this project is the City of Cabot, the City of Jacksonville and the North Pulaski Waterworks Association. The project involves the running of a 42-inch-diameter water transmission main from the Jack H. Wilson Water Treatment Plant,

across the Arkansas River on the Interstate-30 Bridge and continuing north for approximately 16 miles.)

Commission Briefing

Mr. Harvey briefed the Board on the following:

- Commissioner Hartman has agreed to serve on the audit committee that was recommended by CAW auditors.
- Mr. Harvey attended the 47th Congressional Salute in Washington, DC and spoke with Arkansas legislators. He add that he had a very good meeting with Senator Mark Pryor.
- Mr. Terry Bice, Distribution Supervisor, spoke at the American Water Works Association's 7th Annual Public Officials Summit in Mobile, Alabama on April 23-24. Mr. Bice spoke to the attendees about recovery assistance provided by CAW crews after hurricanes Katrina and Rita devastated the area last September.
- Mr. Luther said that CAW has been named as a third party in a lawsuit brought against the City of Little Rock. The lawsuit was brought after the city condemned property for a city street project that required CAW to relocate its water lines.

Adjournment

With there being no further business, Chair Rimmer adjourned the meeting.

Tony Kendall, Vice Chair

RESOLUTION 2006 – 04

**RESOLUTION OF INTENT TO PERMIT AN EMERGENCY METERED
CONNECTION TO PROVIDE EMERGENCY WATER TO MAUMELLE
SUBURBAN IMPROVEMENT DISTRICT #500**

WHEREAS, Maumelle Suburban Improvement District #500 (“Maumelle”) would now like to construct an “emergency metered connection” between the Maumelle water system and the Central Arkansas Water (“CAW”) water system to enable Maumelle to take water in case of an emergency situation creating a high demand for water from CAW on a short term basis; and

WHEREAS, Maumelle desires for the Board of Commissioners, Central Arkansas Water to approve the concept of an emergency metered connection before hiring professionals to design and construct the emergency connection;

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER THAT:

Section 1. The construction of an emergency metered connection between the CAW water system and the Maumelle water system to provide water on an emergency basis to Maumelle is hereby approved. In the event Maumelle ever needs water through the emergency metered connection, Maumelle shall pay for such water in accordance with the rates then in effect, as established by the Commission and amended from time to time, for master-metered customers. Maumelle agrees that all water through the emergency metered connection shall be surplus water and it will be delivered at such rates and under such pressure as not to adversely affect other CAW customers. Maumelle shall be responsible for all costs associated with the design, construction and equipping of the emergency metered connection and any and all other improvements to either the CAW water system or the Maumelle water system necessary to make the emergency connection available.

Section 2. Each or any of the Chief Executive Officer or the Chief Operations Officers is hereby authorized and directed to do any and all things necessary to effect purpose of this Resolution, including, but not limited to the execution of any formal agreement needed to document the understanding of the parties related to the emergency metered connection, the performance of all obligations of CAW under this Resolution, and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Resolution.

Section 3. This Resolution shall be in effect upon its adoption and approval.

The foregoing resolution has been duly adopted by the Board of Commissioners, Central Arkansas Water at a meeting of the Board of Commissioners, Central Arkansas Water held on June 8, 2006.

Attest:

APPROVED:

Tony Kendall, Vice Chair

Thomas W. Rimmer, Chair

DRAFT

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

June 8, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, June 8, 2006, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Mr. Tom Rimmer, Sc.D., Chair
Mr. Tony Kendall, Vice Chair
Ms. M. Jane Dickey, Commissioner
Mr. Jay Hartman, Commissioner
Mr. Eddie Powell, Commissioner
Ms. Francille Turbyfill, Commissioner

Absent:

Dr. Roby Robertson, Ph.D., Secretary/Treasurer

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Mr. Stan Benton, Director of Distribution
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Kevin Hall, Director of Environmental Health & Safety
Mr. Gary L. Hum, Director of Source & Treatment
Mr. Allen Vincent, Director of Information Services
Ms. Becky Wahlgreen, Director of Human Resources
Mr. Jeff Mascagni, Controller
Mr. Jos Bell, Geographic Information Services Manager
Mr. Dale Kimbrow, Planning Manager
Ms. Connie Horn, Management Secretary
Ms. Shirley Tucker, Receptionist
Ms. Shaní Canada, Administrative Support Part-time/Temporary
Ms. Nicole Lacy, Administrative Support Part-time/Temporary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

In attendance by telephone conference:

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.

Also in attendance:

Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Jack Brashear, Senior Project Engineer for Garver Engineers
Mr. Bruce Brown, P.E., Principal with Brown Engineers

Mr. Herb Dicker, President of Little Rock Neighborhood Connections and Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Ms. Pat Dicker, Pulaski Quorum Court Member, District 7 and Primary Member of Policy Advisory Council
Ms. Jill Joslin, Vice President/Account Manager for Heathcott Associates
Mr. Mark Matthews, Photographer
Mr. Fred Oswald, P.E., Engineer for the 145th Street Water & Sewer Improvement District
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Ms. Mary Roberts, Manager of 145th Street Water & Sewer Improvement District
Mr. Alfred Williams, Senior Vice President with Ramsey, Krug, Ferrell & Lensing, Insurance Agency for CAW

Call to Order of June 8, 2006. Meeting

Mr. Tom Rimmer, Chair, called to order the June 8, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Presentation of Service Pins

Mr. Harvey presented a one-year service pin to Mr. Thad Luther, P.E., Chief Operating Officer. Mr. Harvey said that Mr. Luther has a tremendous amount of experience and knowledge that has been beneficial to CAW.

Chair Rimmer presented Mr. Harvey with a 35-year service pin award. Chair Rimmer, on behalf of the Board, thanked Mr. Harvey for his hard work and devotion to the utility. He added that Mr. Harvey's endeavors have assured the community of a high quality of drinking water.

Mr. Dale Kimbrow and Ms. Shirley Tucker, Planning Manager and Receptionist, respectively, presented Mr. Harvey with a poster signed by CAW employees commemorating his years of service to the utility and acknowledging his efforts on behalf of the utility and its employees.

Approval of Board Minutes

Chair Rimmer called for a motion to approve the minutes of the May 11, 2006 meeting.

Upon a motion duly made by Mr. Eddie Powell, Commissioner, and seconded by Ms. M. Jane Dickey, Commissioner, the Board approved the minutes.

Lake Maumelle Comprehensive Watershed Management Study

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc., (Tt) who attended the Board Meeting via telephone conference call, updated the Board on the progress of the Lake Maumelle Comprehensive Watershed Management Study, the Policy Advisory Council (PAC), the Technical Advisory Council (TAC), and public meetings.

Mr. Clements stated that the next PAC meeting is Thursday, June 15 (third floor board room of the Arkansas Arts Center, 501 East Ninth Street, Little Rock).

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer added that the next scheduled public meeting for Perry County is Monday, July 17 at 6 p.m. He added that the location of the meeting has yet to be determined.

Mr. Kirsch also said that the next scheduled public meetings for Pulaski County are 6 p.m. Tuesday, July 18 at the Winfield Methodist Church (20100 Cantrell Road, Pulaski County); and 6 p.m. Wednesday, July 19 at the Holiday Inn Downtown Presidential Conference Center (600 Interstate 30), in Little Rock.

Mr. Kirsch said that on Wednesday, June 14, Mr. Clements and Ms. Kimberley Brewer, A.I.C.P., Associate Director of Tetra Tech, Inc., will make a presentation on the Lake Maumelle Comprehensive Watershed Management Study at a joint meeting of the planning commissions for the City of Little Rock and Pulaski County.

Business Insurance Renewal

Mr. Pittman introduced Mr. Alfred Williams, Senior Vice President with Ramsey, Krug, Ferrell & Lensing. He said that Mr. Williams was there to answer questions regarding CAW's business insurance renewal.

Mr. Williams told the Board that one of the reasons CAW continues to maintain low insurance costs is due to the efforts of staff to look at all options that will help keep the cost of business insurance low. He also stated that CAW's loss ratio is extraordinarily good and that he credits that to the efforts of CAW staff.

Mr. Williams added that the reason the property insurance rates increased \$2,000 over rates in 2005 was due to an increase in CAW property values.

Commissioner Dickey asked staff to determine if the premium to increase Directors and Officers (D&O) insurance coverage from \$3 million to \$5 million would be an economical decision and, if so, to increase the coverage amount to \$5 million.

After some discussion, a motion was made to approve increasing the insurance coverage for D&O insurance if the premium was \$10,000 or less.

Upon a motion duly made by Commissioner Dickey and seconded by Mr. Tony Kendall, Commissioner, the Board approved the motion.

Nominating Committee for Board Officers

Chair Rimmer reported that that the Nominations Committee, which consists of Commissioner Powell and Dr. Roby Robertson, Commissioner, nominated the following officers' slate for July 1, 2006, through June 30, 2007:

Chair – Mr. Tony Kendall
Vice Chair – Dr. Roby Robertson
Secretary – Mr. Jay Hartman

Upon a motion duly made and seconded, the Board approved the election of officers to take effect July 1, 2006.

Appointment /Reappointment to CAW Board of Commissioners

Chair Rimmer asked if there was any discussion on filling the Board vacancy caused by his term expiring.

Upon a motion duly made by Commissioner Powell and seconded by Ms. Francille Turbyfill, Commissioner, to reappoint Chair Rimmer to the Board, the Board approved the motion.

Appointment of Representatives to Serve on Policy Advisory Council

Due to schedule conflicts, Commissioner Dickey said she would be unable to continue as a primary representative on the Policy Advisory Council (PAC) for the Lake Maumelle Comprehensive Watershed Management Study.

Commissioner Powell thanked Commissioner Dickey for her efforts and time spent working with the PAC.

Upon a motion duly made and seconded, the Board approved the following PAC members:

| | | |
|------------------------|---|--------------------------|
| Commissioner Kendall | - | primary representative |
| Commissioner Robertson | - | alternate representative |
| Commissioner Dickey | - | alternate representative |

Maumelle Suburban Improvement District #500

Mr. Luther told the Board that the Maumelle Suburban Improvement District #500 (Maumelle Water), which provides water service for the City of Maumelle, has requested an emergency-use connection to the CAW distribution system. Mr. Luther stated that at one service boundary point, the two water systems are only 50 feet apart. He added that a tie-in at this boundary point would be of benefit to Maumelle Water in a time of a crisis resulting from a natural disaster or major electrical outage that shuts down the city's wells and treatment plant.

Upon a motion duly made by and seconded, the Board approved the installation of an emergency-use connection.

145th Street Water and Sewer Improvement District

Mr. Luther told the Board that in response to a request from the 145th Street Water and Sewer Improvement District (145th Street), CAW legal counsel has prepared a resolution of intent authorizing staff to proceed with the acceptance of water system assets and customers from 145th Street. He added that there also is a Memorandum of Understanding itemizing the conditions of acceptance.

Upon a motion duly made by Commissioner Dickey and seconded by Mr. Jay Hartman, Commissioner, the resolution and Memorandum of Understanding was approved.

Discussion of Wellness Benefit Options

Ms. Becky Wahlgreen, Director of Human Resources, presented to the Board various options regarding an employee wellness program for Central Arkansas Water employees. The information presented was based on research conducted at the local and national level, to

include a local survey conducted by CAW of 23 local employers regarding the types of wellness benefits/incentives they offer their employees, as well as national data provided through the Society for Human Resource Management.

Ms. Wahlgreen presented several wellness benefit options designed to encourage employees to work toward a healthier lifestyle, for the benefit of the employee and CAW as a whole. Options included a partial reimbursement to employees for tobacco cessation aids (nicotine replacement therapy), weight loss program membership and/or fitness center membership. Ms. Wahlgreen told the Board that at this time staff is not asking for authorization, but is providing this data for informational purposes only.

The Board recommended revisions to the options presented and requested that staff come back with a formal recommendation for consideration at the July Board meeting

Approval of Contracts/Agreements

- i. a contract and change order with Oscar Renda Contracting, Inc., resulting in a net contract amount of \$6,335,930 for the installation of approximately 700 linear feet of 42-inch-diameter and 9,000 linear feet of 30-inch-diameter water line to the Interstate 430 Arkansas River Bridge. (CAW's portion of this North Belt Transmission Main project is \$1,705,885.79.)

Upon a motion duly made by Commissioner Dickey and seconded by Commissioner Hartman, the Board approved the contract.

The Board took a five-minute break.

Update on Information Services Department

Upon reconvening, the board heard a report from Mr. Allen Vincent, Director of Information Services, updating them on department projects and activities.

Chair Rimmer thanked Mr. Vincent for an informative presentation.

Regionalism Report

Mr. Steve Morgan, Director of Regionalism & Future Water Source, updated the Board on regionalism issues:

- Northbelt Transmission Main project – To date, \$4 million in capital improvements have been completed. Two major phases amounting to \$11 million were bid in May. Bids came in nearly twice the amount originally forecast due to an increase of up to 50 per cent in energy prices and material costs over the last year. (Partnering with CAW in this project is the City of Cabot, the City of Jacksonville and the North Pulaski Waterworks Association. The project involves the running of a 42-inch-diameter water transmission main from the Jack H. Wilson Water Treatment Plant, across the Arkansas River on the Interstate-30 Bridge and continuing north for approximately 16 miles.)

Commission Briefing

Mr. Harvey said he will attend the American Water Works Association's Annual Conference and Exhibition next week in San Antonio.

Commissioner Dickey reminded everyone that July 1 is the fifth anniversary of the merger that created CAW. She asked staff to prepare a report comparing where the utility was five years ago and where it is today.

Mr. Harvey said staff would prepare such a report for the Board.

Mr. Pittman provided a brief financial status update. The report covered metered sales, summary of revenues and expenses, capital expenditures, bond fund balances, and financing projections.

Chair Rimmer thanked Mr. Pittman for the update.

Executive Session

The Board met in executive session. Upon reconvening, Chair Rimmer stated that no action will be taken.

Adjournment

With there being no further business, Chair Rimmer adjourned the meeting.

Tony Kendall, Vice Chair

RESOLUTION 2006 – 05

**RESOLUTION OF INTENT TO PROCEED WITH ACCEPTANCE
OF ASSETS AND CUSTOMERS FROM THE 145th STREET WATER
AND SEWER IMPROVEMENT DISTRICT**

WHEREAS, the 145th Street Water and Sewer Improvement District (the “District”) owns and operates certain water system improvements (the “Water System”) and sewer system improvements; and

WHEREAS the Board of Commissioners of the District desires to transfer the Water System to Central Arkansas Water (the “Transfer”); and

WHEREAS, the staff of CAW and the Board of Commissioners of the District have negotiated and duly executed a Memorandum of Understanding (attached hereto as Exhibit “A”) setting forth certain terms and conditions for the District to transfer the Water System to CAW; and

WHEREAS, the Memorandum of Understanding requires the District to borrow a substantial sum of money and make substantial improvements (collectively, the “Obligations”) to the Water System before CAW will accept the transfer of the Water System to CAW; and

WHEREAS, the District desires for the Board of Commissioners, Central Arkansas Water (the “Commission”) to express its intent to proceed with the Transfer in accordance with the terms and conditions set forth in the Memorandum of Understanding should the District commence with and complete the Obligations;

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER THAT:

Section 1. The Transfer of the Water System from the District to CAW in accordance with the terms and conditions of the Memorandum of Understanding is in the best interest of CAW and it is hereby approved.

Section 2. Each or any of the Chief Executive Officer or the Chief Operating Officers is hereby authorized and directed to do any and all things necessary to effect purpose of this Resolution, including, but not limited to the execution of any formal agreement needed to complete the Transfer in accordance with the terms and conditions of the Memorandum of Understanding, the performance of all obligations of CAW under this Resolution and the Memorandum of Understanding, and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Resolution.

Section 3. This Resolution shall be in effect upon its adoption and approval.

The foregoing resolution has been duly adopted by the Board of Commissioners, Central Arkansas Water at a meeting of the Board of Commissioners, Central Arkansas Water held on June 8, 2006.

Attest:

APPROVED:

Tony Kendall, Vice Chair

Thomas W. Rimmer, Chair

RESOLUTION 2006-06

A RESOLUTION RE-APPOINTING MR. THOMAS W. RIMMER TO THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER, AND FOR OTHER PURPOSES

WHEREAS, the term of Mr. Thomas W. Rimmer, a member of the Board of Commissioners, Central Arkansas Water ("CAW Board"), expired on June 30, 2006; and

WHEREAS, by law it is the duty of the remaining commissioners to nominate and appoint a commissioner when a vacancy occurs on the CAW Board, subject to approval by the Board of Directors of the City of Little Rock, Arkansas, and the City Council of the City of North Little Rock, Arkansas.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER, THAT the remaining commissioners do hereby re-appoint Mr. Rimmer to a seven-year term, subject to approval by the duly elected and qualified members of the Board of Directors of the City of Little Rock and the City Council of the City of North Little Rock, and that his term of office will be July 1, 2006, through June 30, 2013.

BE IT FURTHER RESOLVED THAT the Board of Directors of the City of Little Rock and the City Council of the City of North Little Rock be requested to approve this appointment.

CERTIFICATE

I, Tony Kendall, Vice Chair of the Board of Commissioners, Central Arkansas Water, certify that, as such Vice Chair, I have custody of the Minutes and documents of Central Arkansas Water, and that the above and foregoing is a correct copy of a resolution adopted by said Board of Commissioners at its regular meeting held June 8, 2006.

ATTEST:

APPROVED:

M. Jane Dickey
Commissioner

Tony Kendall
Vice Chair

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

July 13, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, July 13, 2006, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Mr. Tony Kendall, Chair
Dr. Roby Robertson, Vice Chair
Mr. Jay Hartman, Secretary
Ms. M. Jane Dickey, Commissioner
Mr. Eddie Powell, Commissioner
Mr. Thomas W. Rimmer, Commissioner
Ms. Francille Turbyfill, Commissioner
Ms. Barbara Graves, Vice Mayor and Liaison for the City of Little Rock

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Ms. Becky Wahlgreen, Director of Human Resources
Ms. Deena Coston, C.P.A., Controller
Mr. Jeff Mascagni, C.P.A., Controller
Ms. Connie Horn, Management Secretary
Mr. Bruce McMath, Attorney for CAW with McMath Woods, P.A.
Mr. Blake Rutherford, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

In attendance by telephone conference: Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Dee Brown, P.E., Principal with Brown Engineers
Mr. Herb Dicker, President of Little Rock Neighborhood Connections and Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Ms. Pat Dicker, Pulaski Quorum Court Member, District 7, and Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Gary Heathcott, President of Heathcott Associates
Mr. Frank Lambright, Citizen and Customer
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County

and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Mr. Charlie Ross, Photographer

Call to Order of July 13, 2006, Meeting

Mr. Tony Kendall, Chair, called to order the July 13, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Presentation of Commemorative Plaque

Chair Kendall presented to Mr. Thomas W. Rimmer, Commissioner, a plaque commemorating his service as Chair of the Board of Commissioners for 2005-2006. Chair Kendall, on behalf of the Board, thanked Commissioner Rimmer for his exemplary leadership and dedicated service to the utility.

Presentation of Service Pins

Chair Kendall presented Mr. Eddie Powell, Commissioner, and Commissioner Rimmer with a 5year service pin award. Chair Kendall, on behalf of the Board, thanked Commissioners Powell and Rimmer for their service to the utility.

Approval of Board Minutes

Chair Kendall called for a motion to approve the minutes of the June 8, 2006, meeting.

Upon a motion duly made and seconded, the Board approved the minutes.

Public Comments

Chair Kendall read a letter submitted by Mr. Frank Lambright, citizen and customer. The letter addressed Mr. Lambright's concerns regarding the taxation rate of forested properties, especially timberland located within the Lake Maumelle Watershed.

Chair Kendall distributed to the Board a letter from Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a Primary Member of the Policy Advisory Council for the Lake Maumelle Comprehensive Watershed Management Study. Chair Kendall said the letter pertains to an offer by Mr. Charles Nestrud, attorney representing Deltic Timber Corporation. Chair Kendall urged the Commissioners to read Ms. Althoff's letter at their earliest convenience.

Chair Kendall thanked Mr. Lambright and Ms. Althoff for their comments and concerns.

Cellular Telephone Antennae Installation Leases

Mr. Thad Luther, P.E., Chief Operating Officer, said that he has been working with the Little Rock City Manager's Office to finalize an amendment to the wireless antennae installation lease section of the legal documents from the merger of Little Rock Municipal Water Works and the North Little Rock Water Department. He said the amendment increases from 15% to 50% CAW's share of revenues from new leases. (Telecommunications companies lease space on

CAW's remote facilities for antennae installations.) Mr. Luther said this tentative agreement would apply only to new leases. Mr. Luther added that as part of the agreement with the City of Little Rock, CAW would transfer to the City ownership of Reservoir Park property adjacent to Jackson Reservoir.

Mr. Luther presented a resolution to authorize amending this specific section of the merger documents and to transfer the Reservoir Park property to the City of Little Rock. He added that staff recommends approval of the resolution.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Rimmer, the Board approved the resolution.

Approval to Retain Audit Firm

Ms. Deena Coston, C.P.A., Controller, told the Board that the Auditor Selection Committee (Commissioner Jay Hartman; Mr. Gary Pittman, Chief Financial Officer; Mr. Jeff Mascagni, Controller; Mr. Luther; and herself) met on June 20, 2006, to review Statements of Qualifications from the seven firms that submitted proposals. She said the committee interviewed the two highest-rated firms on June 29. She added that the selection committee chose BKD, L.L.P., to perform the CAW and Brushy Island Public Water Authority audits for the next five-year cycle. For 2006, the cost of audit services will be \$33,000 for CAW and \$4,000 for Brushy Island.

Upon a motion duly made by Dr. Roby Robertson, Commissioner, and seconded by Ms. Francille Turbyfill, Commissioner, the Board approved retaining the recommended audit firm.

Approval of Contracts/Purchases:

- i) A contract for \$115,018 for the purchase of two (2) dump trucks from Diamond International Trucks of Arkansas, Inc. Diamond International was the second low bidder by \$304 but promised delivery of the trucks twenty (20) weeks in advance of the low bidder, Glover Truck Parts. The earlier delivery will be beneficial to CAW operations.

Discussion of Wellness Benefit Options

Ms. Becky Wahlgreen, Director of Human Resources, presented to the Board an employee wellness benefit plan that would reimburse employees for out-of-pocket expenses associated with nicotine replacement therapy (reimbursable at 100%), fitness center membership (reimbursable at 50%), and weight loss program membership (reimbursable at 50%). The annual maximum benefit for all programs combined would be \$250. Ms. Wahlgreen said staff is recommending the benefits begin, as of January 1, 2007.

Upon a motion duly made by Commissioner Robertson and seconded by Commissioner Powell, the Board approved the benefit.

Chair Kendall asked Ms. Wahlgreen to provide regular updates on the progress of the wellness benefits.

Human Resources Update

Ms. Wahlgreen updated the Board on Human Resource activities that have occurred over the past year.

Ms. M. Jane Dickey, Commissioner, joined the meeting, at this point. Upon concluding her presentation, Ms. Wahlgreen thanked the Board members for their support of the utility and its employees.

Chair Kendall commended Ms. Wahlgreen for the informative update.

Lake Maumelle Watershed Litigation Update

Mr. Bruce McMath, Attorney for CAW with McMath Woods, P.A., law firm, spoke to the Board regarding the two Lake Maumelle Watershed condemnation lawsuits in which they currently represent CAW — Deltic Timber Corporation and Waterview Estates, L.L.C.

Mr. McMath said Pulaski County Circuit Judge Willard Proctor, Jr., held a hearing in the Waterview Estates case on July 10, 2006, regarding various legal matters that needed resolution prior to trial. He said Judge Proctor delayed the trial until the parties could resolve the legal matters. He said further that Judge Proctor also directed the parties to seek settlement through further mediation. He added that the hearing probably would continue the following week. (The Waterview Estates case involves approximately 300 acres in the eastern part of the watershed north of the lake's intake structures.)

Mr. McMath said he will file a challenge with the court against Deltic Timber's motion for separate trials on CAW's right to condemn the property and compensation for the property. Mr. McMath stated that Deltic Timber has accepted and cashed the deposit check issued by CAW for the purchase of the property and it is his belief that when Deltic accepted the check, the company waived the right to a trial on condemnation authority. (The Deltic Timber case involves approximately 700 acres in the eastern part of the watershed south of the lake's intake structures.)

Commissioner Dickey said she had heard talk about postponing litigation with Deltic Timber until the consultant completes the Lake Maumelle Comprehensive Watershed Management Study. She asked staff whether postponement is likely.

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management, said there have been discussions with Deltic Timber regarding postponement of the condemnation proceedings, but staff believes the parties first should agree on certain aspects, such as the price of the property in question.

In response to a question from Commissioner Rimmer regarding whether there are similar discussions under way with Waterview Estates landowners, Mr. McMath replied affirmatively and said discussions had resumed after having had no discussions with the parties in a very long time.

Lake Maumelle Comprehensive Watershed Management Study

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc. (Tt), who attended the Board Meeting via telephone conference call, updated the Board on the progress of the Lake Maumelle Comprehensive Watershed Management Study, the Policy Advisory Council (PAC), the Technical Advisory Council (TAC), and scheduled public meetings.

Mr. Clements stated that the PAC meetings are going very well. He said the meetings are focused on how land-management options would work and how to handle new development within the watershed while maintaining the current excellent water quality and continuing to

protect public health. Mr. Clements added that decisions regarding lot sizes, undisturbed areas, road composition, and other factors should be policy determinations.

Mr. Clements said that Tt asked PAC members to complete a survey that presents performance standards versus engineering standards then asked the members to rank in importance the different options. Mr. Clements said Tt would refine feedback from the survey, along with information the consultant gathers from the various public meetings, into a single management plan.

Mr. Clements said that a Tt technical team, along with members of the TAC and governmental agencies, will develop procedures for implementation of the various management plan options.

According to Mr. Clements, the consultant will bring the management plan before the public and the CAW Board no later than December 2006.

Mr. Clements said TAC members are working on the issue of potential risk management that is particularly associated with development around Critical Area A of the Lake Maumelle Watershed. He said they are focusing on the amount of risk involved, the extent of impact, the risk of cryptosporidium, the travel time of storm water runoff to the intake, and the potential of risk to public health.

Mr. Clements said public meetings for property owners and ratepayers would be July 17, 18, and 19 and the next PAC meeting will be July 20.

Mr. Kirsch also said Commissioner Powell has said he would attend the watershed property owners' meeting on July 17 at the Perryville High School cafeteria.

Commissioner Dickey expressed concern that the study refers to local zoning and remarked that there is no local zoning at the county level. Mr. Clements stated that eminent domain is an important element of a watershed protection plan. He added that absent local zoning and public support, other action, i.e., eminent domain, would be the recourse.

Mr. Kirsch said that CAW postponed the scheduled clean-up of the Lake Maumelle Watershed due to rainy weather. He said 20-25 volunteers showed up to assist with the clean-up.

Commission Briefing

Mr. Harvey updated the Board on the following:

- An almost 50% increase in electric power costs from 2005
- A power failure at the Jack H. Wilson Water Treatment Plant on July 10 (at 11:38 a.m., the plant, running at a treatment rate of 90 million gallons per day, lost power. The plant was able to continue treating water due to an existing back-up generator but was unable to run any of the high-service pumps. An Entergy crew manually switched the plant to the back-up power feed at 1:13 p.m., enabling CAW personnel to start the high-service pumps.)

Mr. Harvey said the Water Treatment Plant Operators did an excellent job of minimizing demand on the two high-service pressure systems served by the plant's pump station. He said they utilized existing storage in the distribution system. He added that water consumption on July 11 was 101.7 million gallons.

- Response by Mr. Dennis Yarbro, P.E., Supervisor of Water Sources, to a call from a state employee at Pinnacle Mountain State Park about a “hiker in distress.” Fortunately, the hiker was discovered by a Pulaski County Sheriff’s Office employee
- Per a request from the Commission, staff is compiling a report that will outline the progress of the utility since the 2001 merger. Mr. Harvey said the report should be ready in time for the October Board meeting.

Mr. Harvey asked Mr. Luther to update the Board on the upgrading of the customer information system and the status of the Jackson Reservoir property. (Systems & Software, Inc., CAW’s computer software vendor, has given notice that after December 2006 the company no longer will support the software that CAW uses for customer billing, customer service, and distribution work orders.)

Mr. Luther said the upgrade project is on schedule and should be ready for testing before the end of July. Mr. Luther commended Mr. Allen Vincent, Director of Information Services, for doing a great job on this project.

Mr. Luther also said that Verizon Wireless has acquired a permit to construct a new tower on the northeast corner of the Jackson Reservoir property. Mr. Luther said that under the new lease agreement with the City of Little Rock, this new tower will provide \$7,500 per year in revenue for CAW.

Chair Kendall, again, thanked Ms. Althoff for the letter she presented to the Board and asked fellow Commissioners to be sure to read the letter.

Ms. Althoff reminded the Board that the letter is from the group, Citizens Protecting Maumelle Watershed, and not an individual. She also told the Board that members of the group appreciate the hard work and professional manner of CAW management.

Executive Session

The Board adjourned the Open Session and convened in Executive Session. Upon reconvening in Open Session, Chair Kendall said that no action would be taken.

Adjournment

With there being no further business, Chair Kendall adjourned the meeting.

Jay Hartman, Secretary/Treasurer

RESOLUTION 2006 – 07

RESOLUTION AUTHORIZING AMENDMENT TO ASSIGNMENT AND ASSUMPTION AGREEMENT (ANTENNA LEASES) AND TRANSFER OF RESERVOIR PARK PROPERTY TO THE CITY OF LITTLE ROCK, ARKANSAS

WHEREAS, Central Arkansas Water (“CAW”), the City of Little Rock (the “City”), and other parties previously entered into an Assignment and Assumption Agreement (Antenna Leases) (the “Antenna lease Agreement”) dated as of midnight on the 30th of June, 2001; and

WHEREAS, the City and CAW desire to amend the Antenna Lease Agreement to allocate a greater portion of the revenue generated from the antenna leases to CAW; and

WHEREAS, the City desires to obtain ownership of the park property below Jackson Reservoir;

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER THAT:

Section 1. CAW is authorized to enter into the First Amendment to Assignment and Assumption Agreement (Antenna Leases) presented to the Board of Commissioners, Central Arkansas Water, and Tony Kendall, as Chair of the Board of Commissioners, Central Arkansas Water, is authorized to execute such First Amendment on behalf of CAW.

Section 2. Provided the City agrees and enters into the First Amendment to Assignment and Assumption Agreement (Antenna Leases), CAW is also authorized to delivery to the City a quitclaim deed transferring ownership of the park property below the Jackson Reservoir from CAW to the City, and Tony Kendal, as Chair of the Board of Commissioners, Central Arkansas Water, is authorized to execute such quitclaim deed on behalf of CAW..

Section 3. Each or any of the Chair, Secretary, Chief Executive Officer or the Chief Operations Officers is hereby authorized and directed to do any and all things necessary to effect purpose of this Resolution, and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Resolution.

Section 4. This Resolution shall be in effect upon its adoption and approval.

The foregoing resolution has been duly adopted by the Board of Commissioners, Central Arkansas Water at a meeting of the Board of Commissioners, Central Arkansas Water held on July 13, 2006.

Attest:

APPROVED:

Dr. Roby Robertson, Vice Chair

Tony Kendall, Chair

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

August 10, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, August 10, 2006, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Mr. Tony Kendall, Chair
Dr. Roby Robertson, Vice Chair
Mr. Jay Hartman, Secretary
Ms. M. Jane Dickey, Commissioner
Mr. Eddie Powell, Commissioner
Mr. Thomas W. Rimmer, Commissioner
Ms. Francille Turbyfill, Commissioner
Ms. Barbara Graves, Vice Mayor and Liaison for the City of Little Rock

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Steve Morgan, Director of Regionalism and Future Water Source
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Stan Benton, Director of Distribution
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Blake Weindorf, P.E., Senior Engineer

Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

In attendance by telephone conference:

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.

Also in attendance:

Ms. Ruth Bell, Representative of League of Women Voters of Pulaski County and Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Dee Brown, P.E., Principal with Brown Engineers
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Dee Brown, P.E., Principal with Brown Engineers
Mr. Gary Heathcott, President of Heathcott Associates
Mr. Brode Morgan, P.E., Vice President of Garver Engineers, L.L.C.
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Mr. Kirby Rowland, P.E., Vice President of Garver Engineers, L.L.C.

Call to Order of August 10, 2006, Meeting

Mr. Tony Kendall, Chair, called to order the August 10, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Approval of Board Minutes

Chair Kendall called for a motion to approve the minutes of the July 13, 2006, meeting.

Upon a motion duly made and seconded, the Board approved the minutes.

Lake Maumelle Comprehensive Watershed Management Study

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc. (Tt), who attended the Board Meeting via telephone conference call, updated the Board on the progress of the Lake Maumelle Comprehensive Watershed Management Study, the Policy Advisory Council (PAC), the Technical Advisory Council (TAC), and scheduled public meetings.

Mr. Clements said that in the past month public meetings were held at three separate locations in order to get as much input as possible from those concerned with the Lake Maumelle Watershed issues. He added he believes that with the input from these meetings and from discussions held during the PAC meetings, the PAC is getting closer to agreeing on a watershed management plan.

Mr. Clements said that they are trying to move the PAC toward reaching a consensus on the best management option for the short term and long term. He said that in order to aid in achieving this goal, at the last PAC meeting, Tt reached some preliminary guiding principles based on the varying levels of support by property owners in the watershed and the fact that there is no authority in place to enforce any management plan at this point.

Mr. Clements said that Tt provided two overarching recommendations that are key to reaching a feasible management plan within the Maumelle Watershed. The first recommendation is to work with state agencies in adopting prohibition of direct wastewater discharge into the Maumelle Watershed. He stated that direct wastewater discharge into the watershed poses the number one threat to water quality.

Mr. Clements said that the second recommendation is to work with local governments to establish support for a plan that can be implemented within the Lake Maumelle Watershed and to build management capacity to enforce the plan.

Mr. Clements added that Tt recommends a short-term and long-term management strategy within the watershed. He indicated that initially a non-engineering approach (large lots with some percentage of undisturbed area depending on location within the watershed) be moved forward in the short-term and that performance standards options be further investigated for a long-term plan. He stated that because development pressure was coming from the east and property owners were more receptive that the short-term strategy should focus on the part of the watershed within Pulaski County. He said that part of the long-term process would be to develop the management capacity for plan enforcement, outreach to Perry County and a pilot project for residential best management practices. He indicated the development of the management capacity and the pilot project would take approximately 4 years.

Mr. Clements said that at the next PAC meeting, Tt will ask members to endorse a resolution supporting prohibition of direct wastewater discharge into the watershed. Also, he said that at the next PAC meeting they will have a discussion on development versus non-development within Critical Area A of the watershed, and hear reports from the subcommittees.

Mr. Clements said that the emphasis continues to be working on implementation strategies. Also, he said that Tt's goal is to present a written draft to present to CAW's Board at the November Board Meeting.

Chair Kendall, who represents the CAW Board on the PAC, said that Mr. Clements did a great job of summarizing the information coming out of all the different watershed meetings.

Ms. Jane Dickey, Commissioner, asked Mr. Clements what he hopes to accomplish by the end of the August PAC meetings. Mr. Clements stated that they hope to reach a general consensus on the wastewater discharge resolution and on development versus non-development within Critical Area A.

Commissioner Dickey asked Mr. Clements to confirm if the PAC members could not reach consensus (consensus means that every PAC members could live with the proposed solution.) on a watershed plan issue, the decision would be made by the CAW Board. Mr. Clements confirmed that this is the procedure that had been agreed upon by PAC members.

Commissioner Dickey then stated that she believed PAC members did not understand that the next PAC meeting would be the member's last opportunity to make a decision concerning development in Critical Area A. She asked Mr. Clements to please ensure that PAC members are aware that the decision will proceed to the CAW Board if consensus is not reached by the PAC at their next meeting.

Ms. Barbara Graves, Vice Mayor and Liaison for the City of Little Rock, said that she agrees with Commissioner Dickey that PAC members do not realize that consensus needs to be reached at the next PAC meeting or the Critical Area A issue with be decided by the CAW commission.

Mr. Clements indicated he would make sure the PAC members understood the procedure.

Mr. Clements left the meeting.

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management, said that he would ask Mr. Clements to contact PAC members by Email to explain that the next PAC meeting would be their last opportunity to reach a consensus on development versus no development within Critical Area A.

Upon a motion duly made by Commissioner Dickey and seconded by Commissioner Powell, the Board approved the following contract:

Approval of Contracts/Purchases:

- i) A change order for \$71,800 to the contract with Koontz Electric for the Jack H. Wilson Water Treatment Plant Electrical and Generator Upgrade project (The change order is for additional conduit and wire to provide a connection to the existing south electrical feeder)

Regionalism Resolutions

Upon a motion duly made by Commissioner Powell and seconded by Dr. Roby Robertson, Commissioner, the Board approved the following resolutions and contract amendments:

- i. A resolution supporting the goals and mission of the Mid-Arkansas Water Alliance in gaining supplemental water from Lake Ouachita and Greers Ferry Lake
- ii. A resolution and an amendment to the contract with the City of Cabot to accurately reflect changes that have occurred since the signing of the 2002 contract between Cabot and CAW
- iii. A resolution and amendment to the contract with the City of Bryant to increase from 2.0 million gallons per day (MGD) to 3.1 MGD the maximum amount of water received from CAW

Executive Session

Chair Kendall said that since Commissioner Hartman indicated he had to leave the meeting early, he was adjourning the open meeting so the Board could meet in Executive Session. Upon reconvening in Open Session, Chair Kendall said that no action would be taken.

Regionalism Update

Mr. Steve Morgan, Director of Regionalism & Future Water Source, updated the Board on various regionalism issues.

Distribution Department Update

Mr. Stan Benton, Director of Distribution, updated the Board on past and future activities within the Distribution Department.

Chair Kendall thanked Mr. Benton for the informative update.

Commission Briefing

Mr. Harvey updated the Board on the following:

- CAW is participating in an AWWA Benchmark Study
- A recent customer survey conducted by another utility showed CAW as #1 in customer service satisfaction
- A rate survey conducted by Memphis Light & Gas showed CAW to be #1 in residential water rates; #3 in commercial water rates; and #6 in industrial water rates

Mr. Harvey asked Mr. Jim Ferguson, Director of Engineering, to provide information on a main extension project on Rahling Road in Little Rock.

Mr. Ferguson stated that a suburban improvement district had begun construction of a six-lane extension of Rahling Road from Chenal Parkway to Kanis Road in Little Rock. He said this new road extension will pass over CAW's 39-inch-diameter raw water transmission main from Lake Winona. He added that CAW had not been aware of the construction until one of its Source &

Treatment Department employees found the work in progress, including heavy construction equipment traveling over the Lake Winona pipeline. Mr. Ferguson said that once CAW became aware of the situation, the contractor and the project engineer (White-Daters, Inc.) were advised to immediately cease work over the CAW pipeline. Mr. Ferguson said the project engineer was advised of the minimum requirements necessary to construct over the pipeline, including replacement of the existing 39-inch-diameter ductile iron concrete pipe with 42-inch-diameter ductile iron pipe. Mr. Ferguson stated that, as of today, no response has been received from the engineer and no work is being conducted over the pipeline.

Mr. Harvey asked Mr. Thad Luther, P.E., Chief Operating Officer, to report on the construction of a cellular phone tower on CAW's Jackson Reservoir property.

Mr. Luther said that in the 1990's the City of Little Rock passed an ordinance encouraging the use of public lands to erect cellular phone towers. He said that Verizon Wireless is erecting a new tower on CAW's Jackson Reservoir property and that CAW staff has received from Verizon a detailed set of plans and will inspect the construction to ensure the plans are followed.

Adjournment

With there being no further business, Chair Kendall adjourned the meeting.

Mr. Jay Hartman, Secretary/Treasurer

RESOLUTION NO. 2006-08

**A RESOLUTION OF SUPPORT BY CENTRAL ARKANSAS WATER
TO FORMALLY ENDORSE THE GOALS AND MISSION OF THE MID-
ARKANSAS WATER ALLIANCE IN GAINING SUPPLEMENTAL
DRINKING WATER FROM GREERS FERRY LAKE AND LAKE
OUACHITA**

WHEREAS, the Mid-Arkansas Water Alliance (“MAWA”) is an unprecedented cooperative effort of twenty-seven water utilities in eight mid-Arkansas counties that together serve over 750,000 citizens with drinking water, and

WHEREAS, Central Arkansas Water (“CAW”) is a member in good standing of the Mid-Arkansas Water Alliance, and

WHEREAS, Central Arkansas Water supplies water for over 388,000 people in Pulaski , Saline and Lonoke counties, and

WHEREAS, the continued growth and prosperity of our communities is dependent upon an adequate and dependable source of quality drinking water, and

WHEREAS, several competent engineering studies have recommended that the mid-Arkansas region use water from Ouachita and Greers Ferry lakes for future water supply needs, and

WHEREAS, the Mid-Arkansas Water Alliance has requested a 20 million gallon per day reallocation from Lake Ouachita and a 15 million gallon a day reallocation from Greers Ferry Lake in order to meet the future water needs of the region, and

WHEREAS, the draft Environmental Assessment conducted by the Corps of Engineers indicates no negative environmental impact on either lake of this reallocation request,

**NOW THEREFORE BE IT RESOLVED BY THE BOARD OF COMMISSIONERS,
CENTRAL ARKANSAS WATER:**

Section 1. This support of MAWA’s objectives is strongly endorsed and approved and by this resolution makes that support known to the U.S. Army Corps of Engineers and the Arkansas Congressional delegation. The execution of this agreement by any of the person duly authorized to do so by Section 2 hereof shall constitute conclusive evidence of the approval of CAW.

Section 2. Each or any of the Chair, Secretary, Chief Executive Officer or the Chief Operations Officers is hereby authorized to execute the Resolution on behalf of CAW.

Section 3: This Resolution shall be in effect upon its adoption and approval.

ADOPTED: August 10, 2006

ATTEST:

APPROVED:

Jay Hartman, Secretary

Tony Kendall, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Jay Hartman, Secretary of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2006-08 of the Resolutions of Central Arkansas Water, entitled: A RESOLUTION OF SUPPORT BY CENTRAL ARKANSAS WATER TO FORMALLY ENDORSE THE GOALS AND MISSION OF THE MID-ARKANSAS WATER ALLIANCE IN GAINING SUPPLEMENTAL DRINKING WATER FROM GREERS FERRY LAKE AND LAKE OUACHITA, AND PRESCIBING OTHER MATTERS RELATING HERETO, adopted August 10, 2006.

In WITNESS WHEREOF, I have hereunto set my hand this 10th day of August, 2006.

Secretary
Board of Commissioners
Central Arkansas Water

RESOLUTION 2006 – 09

**RESOLUTION AUTHORIZING AMENDMENT TO WATER SERVICES
CONTRACT BETWEEN CENTRAL ARKANSAS WATER AND THE
CITY OF CABOT, ARKANSAS**

WHEREAS, the City of Little Rock (“Little Rock”) and the City of Cabot (“Cabot”) previously entered into an Agreement (the “Agreement”) dated July 11, 1998, for the Little Rock Municipal Water Works to provide water to Cabot; and

WHEREAS, Central Arkansas Water (“CAW”) is the successor in interest to Little Rock in the Agreement;

WHEREAS, CAW and Cabot desire to amend the Agreement to permit Cabot to purchase additional water from CAW;

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER THAT:

Section 1. CAW is authorized to enter into the Second Amendment to the Agreement presented to the Board of Commissions, Central Arkansas Water, and Tony Kendal, as Chair of the Board of Commissioners, Central Arkansas Water, is authorized to execute such Second Amendment on behalf of CAW.

Section 2. Each or any of the Chair, Secretary, Chief Executive Officer or the Chief Operations Officers is hereby authorized and directed to do any and all things necessary to effect purpose of this Resolution, and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Resolution.

Section 3. This Resolution shall be in effect upon its adoption and approval.

The foregoing resolution has been duly adopted by the Board of Commissioners of Central Arkansas Water at a meeting of the Board of Commissioners of Central Arkansas Water held on August 10, 2006 .

Attest:

APPROVED:

Jay Hartman, Secretary

Tony Kendall, Chair

**AMENDMENT AND RESTATEMENT OF AGREEMENT
BETWEEN CENTRAL ARKANSAS WATER AND THE CITY OF CABOT**

This Amendment and Restatement of the Agreement dated October 10, 2002, between Central Arkansas Water (“CAW”), and the City of Cabot, Arkansas (“Cabot”) is entered into the 11th day of October, 2006, between CAW and Cabot WaterWorks (as hereinafter defined) for the purpose of amending and restating the prior agreement.

WITNESSETH:

WHEREAS, CAW is a consolidated municipal water system created and existing under the Consolidated Waterworks Authorization Act, Act 982 of the 83rd General Assembly of the State of Arkansas; and

WHEREAS, Cabot is a city of the first class and is interested in buying surplus water from CAW to serve the need of its customers, and

WHEREAS, the Cabot Water and Wastewater Commission (“Cabot WaterWorks”) is the successor in interest to Cabot under the Agreement; and

WHEREAS, Cabot is interested in equitably sharing the development costs of a main transmission line to serve their current and future water needs; and

WHEREAS, CAW is interested in selling water to Cabot under the terms and conditions of this Agreement; and is interested in forming a regional approach for another water source that would include neighboring water utilities equitably sharing the proportional costs and benefits of this joint mission; and

WHEREAS, CAW and Cabot WaterWorks desire to amend the Agreement; and

WHEREAS, for the purpose of this contract, the following definitions shall apply:

Billing Cycle – A defined period of consumption that is currently described as monthly. However, it is understood that the exact cycle may or may not start on the first/last day of the month.

Cabot Main – A potable water transmission line to be constructed by Cabot WaterWorks, at the expense of Cabot WaterWorks, from the Meter Station located at the Point of Delivery to the Connection Site.

Connection Fee – A charge to be paid by Cabot WaterWorks for the privilege to connect the Cabot Main to the Northbelt Transmission Main as more specifically described in Paragraph 20 of the Agreement.

Connection Site – A point to be determined by CAW somewhere in the Gravel Ridge vicinity in the general area of the intersection of Jacksonville Cato Road and Highway 107 at which the Cabot Main shall connect to the Northbelt Transmission Main.

Engineer’s Certificate – A certificate or opinion addressed to CAW and signed by the engineer responsible for construction of the Meter Station and the Cabot Main certifying that construction of the Meter Station and the Cabot Main are complete in accordance with the plans and specifications approved by CAW and that the Meter Station are fully operational in accordance and compliance with all applicable state and federal laws.

Meter Station – A facility to be constructed by Cabot WaterWorks, at the expense of Cabot WaterWorks at the Point of Delivery in accordance with the provisions of paragraph 6 hereof.

New Customer – A new customer is recognized as a newly established separate residential, commercial or industrial account, regardless of the existence of an existing adjacent main or service line.

Northbelt Transmission Main – A potable water transmission line to be constructed by CAW from the Jack H. Wilson Treatment Plant to the Connection Site.

Off-Peak – As defined in the Rate Resolution.

Peak – As defined in the Rate Resolution.

Point of Delivery – A mutually designated site where CAW will deliver and Cabot WaterWorks shall purchase water pursuant to this Agreement as more specifically described in Paragraphs 5 and 6 hereof. It is currently anticipated that the Point of Delivery shall be located in the vicinity of the intersection of Tadpole Road and Maddox Road.

Rate Resolution – Resolution No 2001-09 of the Board, as amended, or any subsequent resolutions of the Board repealing and replacing Resolution No. 2001-09.

Rates – The cost of water service that is established from time to time by the Board, pursuant to the rules and regulations governing their implementation and following nationally accepted cost of service rate setting standards for the water industry. It is understood that these rates will treat all customer classes fairly and equitably.

Surplus Water – For the purposes of this contract, surplus water is defined as treated or potable water that is available from the CAW system that is not required for CAW’s customer usage. It is the intent of CAW to honor the service requirements outlined in this contract.

System Development Charge – A water facilities fee imposed upon new development by CAW, pursuant to Resolution 2002-03, as amended, or any subsequent resolution of the

Board repealing and replacing Resolution 2002-03, in order to fund or recover a portion of the cost of capital improvements or facility expansions to sources, raw water transmission mains/appurtenances, and treatment that enhance CAW's water distribution system and that are necessitated by and attributable to such new development.

NOW, THEREFORE, for and in consideration of the mutual covenants, agreements and conditions contained herein, the receipt and adequacy of which are hereby acknowledged, intending to be legally bound, the parties agree as follows:

1. The term of this Agreement shall be as follows:
 - a. The initial term of this Agreement shall be 20 years and shall commence on the date of the Engineer's Certificate.
 - b. At the end of the initial term or any renewal term, unless otherwise terminated pursuant to and in accordance with paragraph 17 hereof, this Agreement shall automatically renew for an additional ten (10) year period.
2. Subject to all of the terms and conditions hereinafter set forth, CAW agrees to sell and Cabot WaterWorks agrees to buy for distribution by the Cabot water utility, a minimum of 300,000 gallons of potable water per day ("Minimum Purchase") at the pressure and quality available from CAW commencing on the date of the Engineer's Certificate. It is specifically understood and agreed that the Minimum Purchase is a daily minimum and that Cabot WaterWorks will pay CAW for the Minimum Purchase regardless of whether Cabot WaterWorks actually uses, or takes delivery of the entire Minimum Purchase each day based on an average daily volume computed using total volume taken within a billing cycle and the total number of days within the billing cycle. Provided that if CAW is unable to supply the Minimum Purchase each day at the Meter Station due to extenuating circumstances such as main supply line breaks, power failures, flood, fire, use of water to fight fires, earthquakes or other catastrophes, Cabot WaterWorks will be exempt from paying for the Minimum Purchase for each 24 hour period that CAW is unable to deliver the Minimum Purchase. The maximum amount of water sold pursuant to this Agreement is 9,000,000 gallons per day (the "Maximum Purchase"). The Maximum Purchase is an actual maximum amount of water that Cabot WaterWorks is permitted to acquire from CAW in any 24 hour period; it is not an "average" computed in a manner similar to the Minimum Purchase. It is also recognized that the Off-Peak purchasing time periods are intended to encourage Cabot WaterWorks to develop its own water storage facilities and to reduce Cabot

WaterWorks' dependency on CAW's water transmission facilities during Peak periods. It is further understood that larger volumes of purchased water, over 2,000,000 gallons per day, cannot be furnished by CAW during Off Peak hours, as it is impractical for either CAW or Cabot WaterWorks to build a distribution system capable of handling these unnecessarily high flows. A consistent flow rate is desirable and shall be required of Cabot WaterWorks whenever Cabot WaterWorks desires to acquire more than 2,000,000 gallons of water per day.

3. Cabot WaterWorks agrees to pay for all of the water it acquires from CAW in accordance with this Agreement at the Rates established in the Rate Resolution for Master Metered Customers (as defined in the Rate Resolution) with the meter size utilized by Cabot WaterWorks. Cabot WaterWorks also specifically agrees that the Rates or the Rate Resolution may be amended by CAW at any time in the future, and that Cabot WaterWorks shall be bound by such amended or new Rates. It is understood and agreed by the parties hereto that System Development Charges are considered a part of Rates.
4. Promptly after the first of each billing cycle, CAW shall submit an itemized statement to Cabot WaterWorks for water delivered during the previous billing cycle. The statement shall be based upon flow meter readings conducted by CAW; however, in the event of flow meter malfunction, CAW may estimate the reading based upon a comparable preceding period. Cabot WaterWorks shall remit payment for water to CAW on or before the twentieth (20th) day of the billing cycle in which the statement is submitted. If Cabot WaterWorks does not remit payment on or before the twentieth (20th) day of the billing cycle (the "Payment Date"), a penalty equal to ten percent (10%) of the total payment amount due shall be added to such payment, and if not paid on or before the thirtieth (30th) day of the billing cycle in which the statement is submitted, CAW may discontinue delivery of water to Cabot WaterWorks, and its customers, and may continue to deny delivery to Cabot WaterWorks, and its customers, until Cabot WaterWorks pays the amount due. With each payment, Cabot WaterWorks shall also submit to CAW a detailed listing of all of the New Customer accounts opened by Cabot WaterWorks during the previous billing cycle. This accounting will reflect the number of New Customers, and their respective meter size, and any other information required by CAW to accurately compute the proper System Development

Charge(s) to be assessed to Cabot WaterWorks as a volumetric consumption surcharge in accordance with the applicable rate resolution in effect at that time.

5. The water sold pursuant to this Agreement shall be delivered to Cabot WaterWorks at the Meter Station (the "Point of Delivery").
6. Cabot WaterWorks shall, at its expense connect to the Point of Delivery and obtain any easements required therefore. Cabot WaterWorks shall purchase a site for and construct, at its expense, a Meter Station at the Point of Delivery containing a flow meter(s) and other necessary equipment required by and acceptable to CAW. The design and materials to be used by Cabot WaterWorks in the construction of the meter station shall conform to the construction specifications of CAW. Cabot WaterWorks covenants and agrees that its water system shall be designed and constructed to maintain adequate storage for all its customer needs including, but not limited to, peak customer demands, fire flows, and interruption of supply. It is understood that the Cabot Main and the Meter Station shall be owned and maintained by CAW, and the transmission main after the Meter Station shall be the property of and be maintained by Cabot WaterWorks.
7. Cabot WaterWorks agrees that it will take delivery of water from CAW at the Point of Delivery at a time or times each day to be mutually agreed upon by the parties hereto. It is also mutually understood that if for whatever reason CAW restricts the supply of water to any customers for the benefit of the system, it is the intent that all parties receiving water from CAW shall share in the burden of such restrictions, including time of day deliveries, conservation efforts or other similar conditions, unless such restrictions shall be rationally related to only a portion of CAW's distribution system in which case only those customers of CAW served by the restricted portion of the distribution system shall share in the burden of such restrictions.
8. In the event CAW determines it necessary or advisable by reason of an emergency, or routine operation, maintenance, repair or replacement of any part of CAW's facilities, CAW shall have the right and option to restrict delivery to Cabot WaterWorks. In the event CAW determines that consumption by Cabot WaterWorks hinders CAW's effective distribution pressures or endangers in any manner the service to CAW's customers, or in the event CAW deems it necessary or advisable for any reason, CAW shall have the right and option to restrict delivery to Cabot WaterWorks, either by reducing flow at the Point of Delivery or requesting Cabot WaterWorks to implement

controlled consumption. It is the intent of this paragraph to insure that all customers and customer classes are treated equally.

9. The parties of this contract hereby agree to indemnify, release and forever discharge each party and waive any right of or claim for damages of any kind or nature whatsoever under this Agreement arising out of or resulting from force majeure, water quality, inadequate or excessive pressure, or restriction, interruption or stoppage of the flow of water for any reason whatsoever, including, but not limited to, negligence. The term "Force Majeure" as used in the Agreement shall mean emergency conditions reasonably beyond the control of the parties including, without limitation, the following: strikes, lockouts or other industrial disturbances; acts of public enemies; order of any kind of the government of the United States, or any state or military authority, or any of their departments, agencies, or officials; fires; floods; pollution; earthquakes; tornadoes; storms; other actions of God; breach of contract by any vendor, contractor, subcontractor, laborer or materialman; unforeseen failure of, or damage to equipment of facilities; or any other similar cause or event not reasonably within the control of the parties.
10. The parties agree that CAW does not guarantee to provide any certain water pressure and that the transfer of title to water delivered pursuant to this Agreement is subject to all the terms and conditions contained herein. Moreover, the providing of any certain water pressure during the term of this Agreement shall not be construed as a guarantee that any certain water pressure will be provided at any future time during the term of this Agreement. However, it is CAW's intent to mutually work with Cabot WaterWorks, its staff and its consultants to fully describe the design flow conditions that are expected during the term of this contract, which may include a range of conditions. To the best of its ability, CAW agrees to maintain the design conditions during the term of this Agreement and provide Cabot WaterWorks one year's notice of any anticipated changes in design conditions. CAW shall deliver to the best of its ability, water that meets all standards for water quality, as set by appropriate governmental regulations. However, it is also understood that, in supplying water to master-metered customers, CAW does not have control over the purchaser's distribution system. It is the responsibility of Cabot WaterWorks to maintain water quality past the meter, including making capital improvements as necessary to maintain this quality standard in its distribution system.

11. On the date of the Engineer's Certificate, and on the date of completion of construction and installation of the Meter Station, Cabot WaterWorks shall convey by general warranty deed to CAW, for the use and benefit of CAW, the Meter Station, and all of its related real property, easements, right of way easements, free and clear of all claims, liens and encumbrances of any kind whatsoever, including all transmission pipelines and related fee or easements interests in the real property containing such pipelines owned by Cabot WaterWorks between the Connection Site and the Point of Delivery (the "Conveyance"). Cabot WaterWorks hereby covenants that the Conveyance will not violate any obligation, indenture, ordinance, covenant or contract to which Cabot WaterWorks is a party. Cabot WaterWorks hereby covenants that it has good and marketable title to the property conveyed, and the property conveyed is not subject to any note, indenture, mortgage, conditional sales agreement, loan agreement, charge, lien or encumbrance. Cabot WaterWorks hereby agrees to indemnify and hold CAW harmless from any and all demands, claims, causes of action, losses and damages, including attorneys' fees, sustained by CAW arising out of or in any way connected with the failure of the performance of this contract by Cabot WaterWorks or breach of any of the terms set forth herein. An authorized official of Cabot WaterWorks shall at all reasonable times have access to the meter for the purpose of verifying its reading and/or taking telemetry signals on flows and pressures for their purposes.
12. It is further understood that Cabot WaterWorks and CAW will communicate regularly and hold joint planning meetings for the systems. These planning meetings will be held annually and more often as needed. It is also recognized that it is the intent of Cabot WaterWorks, CAW and other master metered customers to share the costs of any necessary system improvements according to the proportional benefits received by each system from said improvements. It is also recognized that Cabot WaterWorks desires to be an integral part of the planning and construction of a supplemental water source for the region.
13. In order to effectuate this Agreement, it will be necessary for CAW to make numerous improvements to the transmission pipelines from the Jack H. Wilson Treatment Plant in West Little Rock to the Connection Site (the "CAW Improvements"). It will also be necessary for Cabot WaterWorks to construct (the "Cabot Main") from the Connection Site to the Point of Delivery. Even though Cabot WaterWorks shall deed ownership of

the Cabot Main to CAW in accordance with and pursuant to paragraph 11 hereof, Cabot WaterWorks shall pay all of the costs associated in any way with the acquisition, design, equipping and construction of the Cabot Main. Cabot WaterWorks also recognizes and accepts that the CAW Improvements and the Cabot Main may serve customers of CAW other than Cabot WaterWorks and that the CAW Improvements and the Cabot Main shall be constructed in a manner that it will have a hydraulic capacity of 11,000,000 gallons per day even though Cabot WaterWorks may only acquire the Maximum Purchase each day through the Cabot Main. Nevertheless, in addition to the cost of the of the Cabot Main, Cabot shall pay to CAW a connection fee (the "Connection Fee"), payable in increments as provided herein, equal to 34.615% of all costs incurred by CAW to construct the CAW Improvements, including, but not limited to, costs for engineering, design and legal services, acquisition of real estate by easement or in fee, materials and construction ("CAW's Costs"). Cabot WaterWorks shall pay each increment of the Connection Fee in full to CAW within thirty (30) days after the date of receipt of written notice from CAW to Cabot WaterWorks that any phase of the CAW Improvements is complete. Cabot WaterWorks recognizes and accepts that the CAW Improvements shall be completed in phases and that Cabot WaterWorks may not be able to take full advantage of the CAW Improvements until all of the CAW Improvements have been completed. If at anytime, prior to the commencement, which shall be no later than the execution of a definitive contract that is not terminable without penalty, of any individual construction project, either Cabot WaterWorks or CAW determines that the cost to construct the CAW Improvements are commercially unreasonably, the parties hereto agree to discuss the feasibility of commercially reasonable alternatives. CAW may permit Master Metered Customers other than Cabot WaterWorks to connect to the Cabot Main for water service from CAW only after the newly connecting Master Metered Customer pays to Cabot WaterWorks a connection charge equal to their proportional share of the total design and development cost of the Cabot Main, including provisions for engineering, legal and construction costs, as well as cost of money since project completion.

14. In addition to the Cabot Main, Cabot WaterWorks will have to construct a new water transmission pipeline from the Meter Station at the Point of Delivery to Cabot WaterWorks' existing distribution system (the "Cabot Pipeline"). The Cabot Pipeline shall belong solely to Cabot WaterWorks; Cabot WaterWorks shall be responsible for

the construction, maintenance and repair of the Cabot Pipeline. Given that the Cabot Pipeline belongs to Cabot WaterWorks, Cabot WaterWorks, and only Cabot WaterWorks, may permit connections to or the taking of water from the Cabot Pipeline.

15. This Agreement and the rights hereunder shall not be assigned or transferred by either party but shall be binding upon the successors of either party.
16. Cabot WaterWorks covenants and agrees to pay any and all taxes levied by the United States, the State of Arkansas, or other appropriate political subdivisions of the State on the sale of water to Cabot WaterWorks.
17. Notwithstanding anything contained herein, this Agreement may be terminated as follows:
 - (a) By CAW or Cabot WaterWorks at any time if the other party fails to fully comply with its duties and obligations under this Agreement.
 - (b) By CAW or Cabot WaterWorks at the end of any term by providing written notice to the other party at least three (3) years prior to the end of the initial term or any renewal term.
 - (c) By CAW, if the Board of CAW determines that its then current sources of water for CAW are inadequate for any reason whatsoever to supply sufficient water for CAW's customers other than Cabot WaterWorks, by providing written notice to Cabot WaterWorks at least five (5) years prior to the date of termination established by the Board.

In the event either party desires to terminate this Agreement (the "terminating party") in accordance with subparagraph (a) above, the terminating party shall provide the other party (the "non-terminating party") with written notice of the breach and a reasonable time limit for the non-terminating party to correct such breach. If the non-terminating party shall fail to cure the breach within the time limit established by terminating party, this Agreement shall terminate automatically upon expiration of the time limit and neither party shall not have any further obligations under this Agreement. In the event CAW terminates this Agreement pursuant to paragraph (c) above, CAW shall retain title to the Cabot Main and the Meter Station for the benefit of the rate payers, but the parties hereto agree that Cabot WaterWorks may utilize the Cabot Main and the Meter Station to obtain potable water from an alternative water source in the event that such use it is commercially reasonable for all parties so long as

Cabot WaterWorks recognizes that other rate payers may also be entitled to utilize the Cabot Main and the Meter Station in a similar manner and for a similar purpose.

For so long as the Arkansas Natural Resources Commission (“ANRC,” formerly referred to as “ASWCC”) may have a security interest in the Cabot Main, Cabot WaterWorks may not terminate this Agreement without the consent of ANRC and CAW may not terminate this Agreement pursuant to subparagraph (a) above without providing notice to ANRC and providing ANRC with an opportunity to cure any default of Cabot WaterWorks.

18. All notices hereunder shall be in writing and shall be deemed to have been duly given when sent by certified mail, postage prepaid, as follows:

If to Cabot
Cabot WaterWorks
Post Office Box 1287
Cabot, Arkansas 72023
Attention: General Manager

If to CAW
Central Arkansas Water
Post Office Box 1789
Little Rock, Arkansas 72203
Attention: Chief Executive Officer

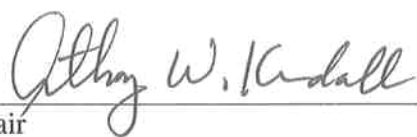
19. Cabot WaterWorks agrees to abide by the rules and regulations published from time to time by the Board concerning the consumption of water; and the rules and regulations published from time to time by the Arkansas Department of Health concerning operation, maintenance and protection of public water supplies. The intent of this paragraph is to insure that the water system operated by Cabot WaterWorks complies with all regulations and provisions required by state and federal agencies pertaining to public water systems. If violations occur, CAW shall have the right if it deems necessary or appropriate to inspect portions of the system that could be deemed inadequate and as designated by said agencies. The parties recognize that furnishing potable water is a governmental function and this Agreement shall be performed by CAW in its governmental capacity, and shall be governed by the laws of Arkansas.
20. The parties agree that in the event any term or provision of this Agreement shall be held to be invalid, illegal or unenforceable, all other terms and provisions of this Agreement shall remain in full force and effect, and this Agreement shall be construed as if not containing the particular provision or provisions held to be invalid.

IN WITNESS WHEREOF, the parties hereto have executed this agreement.

BOARD OF COMMISSIONERS,
CENTRAL ARKANSAS WATER

Attest:


Secretary


Chair

Attest:

CABOT WATERWORKS AND
WASTEWATER COMMISSION


Secretary


Chair

RESOLUTION 2006 – 10

**RESOLUTION AUTHORIZING AMENDMENT TO WATER SERVICES
CONTRACT BETWEEN CENTRAL ARKANSAS WATER AND THE
CITY OF BRYANT, ARKANSAS**

WHEREAS, the City of Little Rock (“Little Rock”) and the City of Bryant (“Bryant”) previously entered into an Agreement (the “Agreement”) dated July 11, 1998, for the Little Rock Municipal Water Works to provide water to Bryant; and

WHEREAS, Central Arkansas Water (“CAW”) is the successor in interest to Little Rock in the Agreement;

WHEREAS, CAW and Bryant desire to amend the Agreement to permit Bryant to purchase additional water from CAW;

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER THAT:

Section 1. CAW is authorized to enter into the Second Amendment to the Agreement presented to the Board of Commissions, Central Arkansas Water, and Tony Kendal, as Chair of the Board of Commissioners, Central Arkansas Water, is authorized to execute such Second Amendment on behalf of CAW.

Section 2. Each or any of the Chair, Secretary, Chief Executive Officer or the Chief Operations Officers is hereby authorized and directed to do any and all things necessary to effect purpose of this Resolution, and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Resolution.

Section 3. This Resolution shall be in effect upon its adoption and approval.

The foregoing resolution has been duly adopted by the Board of Commissioners of Central Arkansas Water at a meeting of the Board of Commissioners of Central Arkansas Water held on August 10, 2006.

Attest:

APPROVED:

Jay Hartman, Secretary

Tony Kendall, Chair

Minutes of a Special Called Meeting
Board of Commissioners
Central Arkansas Water

August 21, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a Special Called Telephone Conference meeting at 9:30 a.m. Monday, August 21, 2006, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present by telephone conference:

Mr. Tony Kendall, Chair
Dr. Roby Robertson, Vice Chair
Mr. Jay Hartman, Secretary
Mr. Eddie Powell, Commissioner
Ms. Francille Turbyfill, Commissioner

Absent:

Ms. M. Jane Dickey, Commissioner
Mr. Thomas W. Rimmer, Commissioner

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary Pittman, Chief Financial Officer
Ms. Connie Horn, Management Secretary
Ms. Shaní Canada, Administrative Support Part-time/Temporary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.
Mr. Sam Ledbetter, Attorney for CAW with McMath Woods, P.A.
Mr. Chris Parker, Attorney for CAW with McMath Woods, P.A.

Also in attendance:

Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Gary Heathcott, President of Heathcott Associates
Mr. Marcus Howard, Reporter with the *North Little Rock Times*
Mr. Frank Lambright, Citizen and Customer
Ms. Cindy Murphy, Reporter with the *Arkansas Democrat-Gazette*
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Mr. Richard Newman, Cameraman/Reporter with KATV-Channel 7 News

Call to Order of August 21, 2006, Meeting

Mr. Tony Kendall, Chair, called to order the August 21, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Mr. Harvey stated that the purpose of the Special Called Board Meeting was to update the Board on the Friday, August 18, court hearing concerning the Deltic Timber Corporation land condemnation and to ask the Board for authorization to transfer money for the new appraisal of

the Deltic property.

Update on Court Hearing

Mr. Harvey asked Mr. Sam Ledbetter, Attorney for CAW with McMath Woods, P.A., to provide an update on the court hearing that took place on Friday, August 18.

Mr. Ledbetter said that Pulaski County Judge Mackie Pierce heard arguments on motions made by Deltic Timber: 1) a request for a separate trial contesting CAW's right to condemn property; and 2) a request for the trial to be held in Perry County versus Pulaski County.

Concerning the first motion, Mr. Ledbetter said that Judge Pierce ruled that Deltic's withdrawal of the money CAW had put on deposit with the court indicated Deltic's acceptance of the sale of the land. Judge Pierce granted CAW's motion for summary judgement and ruled against a separate trial on necessity.

Concerning the second motion, Mr. Ledbetter said that Judge Pierce ruled that the trial would be held in Pulaski County. Upon Deltic's request to exclude CAW ratepayers from the jury, Judge Mackie stated he was confident that unbiased jurors could be found among the residents in Pulaski County.

Mr. Ledbetter said that Deltic asked that CAW's appraisal of Deltic property by Mr. Ron Bragg, M.A.I., a professional real estate appraiser, not be allowed into evidence. In response, Judge Pierce ruled that Mr. Bragg's appraisal is valid.

Mr. Ledbetter said that a motion was filed on behalf of CAW requesting that two particular Deltic land transactions be excluded from evidence. Judge Pierce ruled that the transactions were land swaps and not land sales and, therefore, not admissible.

Finally, Mr. Ledbetter said that the CAW and Deltic Timber case will go to trial on September 12.

Mr. Harvey said that CAW attorneys did an excellent job in the court hearing.

Transfer of Funds to Purchase Property

Mr. Harvey said that as a result of the discovery of additional land sales within the watershed after the original appraisal, the appraised value set by Mr. Bragg increased by \$1.3 million. This would bring the total appraised value of the property to \$5.13 million. CAW had deposited the original appraisal value of \$3.83 million with the Pulaski County Clerk, which Deltic has withdrawn. As a result of the new appraisal, CAW is required to deposit the additional \$1.3 million with the Pulaski County Clerk.

In response to a question by Mr. Powell, Mr. Harvey said that the same criteria were used on both appraisals.

Mr. Chris Parker, attorney for CAW with Eichenbaum, Liles, & Heister, L.L.C., explained that sales of property after the date of taking could be used because CAW did nothing to enhance the value of the property. Mr. Parker explained that the additional funds deposited with the Pulaski County Clerk will include interest that would have been paid on that money since the time of the first deposit.

Staff is asking the Board for authorization to transfer \$1,382,570.41 million (\$1.3 million, plus

interest) from bond funds for deposit with the Pulaski County Clerk for withdrawal by Deltic.

As a result of the meeting being conducted via telephone conference call, Chair Kendall called for a voice count of votes. Upon a motion duly made by Dr. Roby Robertson, Vice Chair, and seconded by Commissioner Powell, the transfer of funds was approved unanimously.

Adjournment

With there being no further business, Chair Kendall adjourned the meeting.

Mr. Jay Hartman, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

October 12, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, October 12, 2006, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Mr. Tony Kendall, Chair
Mr. Jay Hartman, Secretary
Ms. M. Jane Dickey, Commissioner
Mr. Eddie Powell, Commissioner
Ms. Francille Turbyfill, Commissioner

In attendance by telephone conference:

Mr. Thomas W. Rimmer, Commissioner

Absent:

Dr. Roby Robertson, Vice Chair

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism and Future Water Source
Mr. Gary P. Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Ms. Becky Wahlgreen, Director of Human Resources
Ms. Deena Coston, C.P.A., Controller
Mr. Jeff Mascagni, C.P.A., Controller
Ms. Connie Horn, Management Secretary
Ms. Shaní Canada, Administrative Support Part-time/Temporary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

In attendance by telephone conference:

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Dee Brown, P.E., Principal with Brown Engineers, Inc.
Mr. Matthew Cate, Reporter with the Arkansas Democrat-Gazette
Ms. Pat Dicker, Pulaski Quorum Court Member, District 7 and Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Herb Dicker, President of Little Rock Neighborhood Connections and Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study

Mr. Chris Hartung, Director of Executive Search Services with Waters-Oldani Executive Recruitment
Mr. Gary Heathcott, President of Heathcott Associates
Mr. Kevin Kemp, C.P.A., Partner, BKD, L.L.P., the audit firm for CAW
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Trent Parten, C.P.A., Senior Manager, BKD, L.L.P., the audit firm for CAW
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Mr. Brian Smith, Attorney with Friday, Eldredge & Clark, L.L.P.

Call to Order of October 12, 2006, Meeting

Mr. Tony Kendall, Chair, called to order the October 12, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Approval of Board Minutes

Chair Kendall called for a motion to approve the minutes of the September 14, 2006 meeting.

Upon a motion duly made and seconded, the Board approved the minutes.

Lake Maumelle Comprehensive Watershed Management Study - Tetra Tech, Inc., Report

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc. (Tt), who attended the Board Meeting via telephone conference call, updated the Board on the progress of the Lake Maumelle Comprehensive Watershed Management Study, the Policy Advisory Council (PAC), the Technical Advisory Council (TAC), and scheduled public meetings.

Mr. Clements said that based on previous requests for information, PAC members received an overview on the administration and enforcement of a Watershed Management Plan (WMP), and the options available to pursue performance standards program that would include recommendations for a pilot project.

He said that administration and enforcement needs for the implementation of a WMP would have both non-regulatory and regulatory components.

Mr. Clements said that recommendations from Tt include:

- the adoption of local sedimentation and erosion control ordinances and watershed protection ordinances;
- on-site wastewater systems that would not have a direct wastewater discharge;
- the establishment of a responsible management entity (RME) with operational requirements and fees to own, operate, and maintain wastewater systems;
- the establishment of a Watershed Administrator position to enforce local ordinances working with local commissions; the establishment of a non-profit (non-regulatory) Watershed Stewardship Council to provide long-term coordination and oversight for watershed planning; and
- the establishment of a Watershed Coordinator position to staff the Council and manage its work.

Mr. Clements said that the next steps for pursuing a performance standards option include conducting pilot monitoring projects to test best management practices (BMPs) and site designs; conducting supplemental sediment and turbidity modeling for analysis of the disturbance/ construction phase, and; developing capacity for operating a performance standards program.

Pilot monitoring projects would address the construction and post-construction phases that would be conducted by independent monitoring experts and be reviewed by independent engineering experts. Modeling results would be used with pilot monitoring study results to determine level of sedimentation and erosion control required.

Mr. Clements said that PAC members were asked to vote on short term development options; recommended exemptions; and options for mitigating the additional pollution generated by the exemptions.

He said that the PAC is evenly divided on the non-engineering options for new development during the short-term (10 members voted for allowing only a fixed large lot option; one member voted to have a fixed large lot plus a cluster option; and, eight members voted for a fixed large lot plus a cluster option with provisions. Two members abstained from voting.)

Mr. Clements said that recommended exemptions for additions to existing houses, businesses, and institutions and for allowing a limited number of small subdivisions for landowners as of December 2000 passed unanimously 20 to 0 with 1 member abstaining.

Mr. Clements noted that PAC members voted 19-1 as how to mitigate the additional pollution that would be generated by the exemptions. (19 members voted in favor of maintaining a 5-acre minimum lot size and having CAW acquire 1,500 acres of conservation land over the next ten years to offset the exemptions. One member voted to increase the minimum lot size on low sloped areas to 6-acres and not require CAW to acquire any conservation land. One member abstained from voting.)

Members continued their discussion on the issue of development or no development in Critical Area A, but did not reach a consensus. (17 members voted in favor of a motion to defer the decision of development in Critical Area A during the approximate four years required to conduct a pilot project studies and supplemental modeling study. Two members opposed the motion, and two abstained from voting.)

Mr. Clements noted that the next PAC meeting will be held October 19. He said that PAC members will be sent Tt's preliminary draft WMP during the week of October 9 for review prior to the meeting. Emphasis during the meeting will be placed on receiving PAC member comments on the draft recommendations.

Mr. Clements noted that Tetra Tech made a presentation to the Little Rock City Board on September 19 to provide an overview of the to-date progress of the WMP. Mr. Clements added that he and Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer and Director of Watershed Management, met with Saline County Judge, Lanny Fite, to brief him on the watershed planning progress and that a draft plan would be forthcoming that includes recommendations for the portion of the watershed that is in Saline County. Judge Fite indicated the County's strong support for water quality protection.

Mr. Clements said that a draft of the WMP will be distributed at the October 19 PAC meeting and that Tt will present the draft to local governing bodies, watershed property owners, and ratepayers at meetings to be held in November.

Mr. Clements said that the draft WMP will be presented to the CAW Board in December, along with a summary of comments received and subsequent plan modifications made by Tt. He added that any outstanding issues for the Board to decide will be outlined and background information and recommendations will be provided as appropriate.

Lake Maumelle Comprehensive Watershed Management Study – CAW Report

Mr. Kirsch said that he and Mr. Harvey had met with Mr. Reggie Corbitt, Chief Executive Officer of Little Rock Wastewater Utility (LRWU) as to the management of a wastewater facility within the Lake Maumelle Watershed. Mr. Kirsch said that LRWU seems receptive to the idea.

Mr. Kirsch said that Pulaski County Circuit Court Judge Mackie Pierce reversed a previous ruling and will allow Deltic Timber to have a necessity hearing on CAW's right to condemn. He also said that the necessity trial is scheduled for December 18, 19, 20 and 21.

EXECUTIVE SEARCH UPDATE

Ms Becky Wahlgreen, Director of Human Resources, distributed information to the Board regarding the upcoming search for a Chief Executive Officer in preparation for Mr. Harvey's retirement in 2007. Ms. Wahlgreen said that a Request For Qualifications (RFQ) was sent out seeking qualified executive search firms interest in overseeing this search. Five responses were received. She said that the executive search committee reviewed all the responses and unanimously chose Waters-Oldani Executive Recruitment to conduct the executive search.

Ms. Wahlgreen introduced Mr. Chris Hartung, Director of Executive Search Services with Waters-Oldani Executive Recruitment. Mr. Hartung related to the Board the process his firm follows in conducting executive searches and that he would like to see the process start by early December 2006.

AMENDMENTS TO CAW's 401(a) Plan

Ms. Wahlgreen introduced Mr. Brian Smith, Attorney with Friday, Eldredge & Clark, L.L.P. Mr. Smith addressed the Board regarding two amendments that would revise CAW's 401(a) Plan. The first amendment changes the pay-out date from the first quarter following the calendar year of termination to the 60 days following the employee's separation. The second amendment allows the roll-over of 457(b) benefits into tax qualified 401(a) plans.

Upon a motion duly made by Mr. Jay Hartman, Commissioner, and seconded by Mr. Eddie Powell, Commissioner, the amendments were approved.

Meeting of the Audit Committee

Mr. Gary Pittman, Director of Finance & Customer Service, introduced Mr. Kevin Kemp, C.P.A., and Mr. Trent Parten, C.P.A., Partner and Senior Manager respectively with BKD, L.L.P.

Mr. Kemp said that since the Board decided that the audit committee would consist of all Board members, this meeting could be considered a meeting of that committee. He stated that if any Commissioners had any questions or concerns, he would be available to address those concerns.

Mr. Kemp said that the 2006 audit will begin in November.

Approval of Contracts/Purchases

Ms. Jane Dickey, Commissioner, said she would abstain from voting on the following contracts/purchases:

Upon a motion duly made by Mr. Thomas Rimmer, Commissioner and seconded by Commissioner Powell, the Board approved the following contracts/purchases:

- i. a contract with Barloworld Truck Center for \$69,777 for the purchase of a dump truck
- ii. the purchase of a network switch from AT&T for \$69,737.25 (this purchase was made through the State of Arkansas Co-operative Purchasing program)

Five Year Merger Update

Mr. Thad Luther, Chief Operating Officer, and Mr. Steve Morgan, Director of Regionalism and Future Water Source, made a presentation regarding CAW meeting goals that were set at the time of the merger between Little Rock Municipal Water Works and the North Little Rock Water Department.

Commissioner Dickey asked staff to provide information comparing the 2001 future water source estimations and the current future water source estimations.

Ms. Dickey thanked Mr. Luther and Mr. Morgan for their very informative presentation.

Regionalism Update

Mr. Morgan then presented his monthly regionalism report:

- Mid-Arkansas Water Alliance (MAWA) held public workshops in September at Greers Ferry, Hot Springs and Little Rock. These four-hour workshops were aimed at receiving public input for the final Environmental Assessment performed by the U.S. Corps of Engineers as a result of MAWA'S request to gain water from Greers Ferry Lake and Lake Ouachita.

Entergy, Inc., has written a letter of support for MAWA's reallocation, as long as they receive compensation for the lost hydroelectric generation resulting from water being reallocated to MAWA

Southwest Power requested a 30-day extension on a response as to the effect this would have on their hydroelectric generation facilities. The extension was granted and closes with responses postmarked no later than October 25, 2006.

- The Saline Watershed Alliance Board approved a contract with McClelland Engineers to evaluate their future water source options and the costs associated with each option. The report is due from McClelland by February 2007.

Finance & Customer Service Department Update

Mr. Pittman updated the Board on the status of the department and presented a draft of the 2007 budget.

Chair Kendall thanked Mr. Pittman for his informative presentation.

Commissioner Rimmer left the meeting at this time.

LETTER TO THE BOARD FROM A CUSTOMER

Chair Kendall said he has been given a letter from a customer who asked that he share it with other Board members. Chair Kendall asked the Commissioners to be sure to read the letter.

Commission Briefing

Mr. Harvey updated the Board on the following:

- The new customer information software, Enquesta 2006, is operating in a test mode to determine any problems that may exist before it replaces CAW's current system in January 2007 (Systems & Software, provider of CAW's current customer information, financial management, and work management software, will discontinue technical support at year's end. Enquesta 2006 is their new software product.).
- Alltel Communications, Inc., has asked to install cellular equipment on Tank 5 (Pierce Street) and has indicated they are willing to pay the necessary related costs.
- The Saline Water Alliance has commissioned a future water source study and has agreed to CAW's request to participate in the study.
- CAW has offered to provide an update to the Little Rock Board of Directors and the North Little Rock City Council.
- There was a meeting on October 19 with state representatives and CAW staff.

Adjournment

With there being no further business, Chair Kendall adjourned the meeting.

Jay Hartman, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

September 14, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, September 14, 2006, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Mr. Tony Kendall, Chair
Dr. Roby Robertson, Vice Chair
Mr. Jay Hartman, Secretary
Ms. M. Jane Dickey, Commissioner
Mr. Eddie Powell, Commissioner
Mr. Thomas W. Rimmer, Commissioner
Ms. Francille Turbyfill, Commissioner

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism and Future Water Source
Mr. Gary P. Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Kevin Hall, Director of Health and Environmental Safety
Mr. Dale Kimbrow, Planning Manager
Ms. Connie Horn, Management Secretary
Mr. John Tisdale, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

In attendance by telephone conference:

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.
Ms. Kimberley Brewer, A.I.C.P., Associate Director of Tetra Tech, Inc.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Ms. Ruth Bell, Representative of League of Women Voters of Pulaski County and Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Ms. Beth Campbell, Citizen
Mr. Matthew Cate, Reporter with the Arkansas Democrat-Gazette
Mr. Gary Heathcott, President of Heathcott Associates
Mr. Boyce Holmes, Real Estate Developer/Builder
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Daniel O'Kelley, Citizen
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed

Mr. Kirby Rowland, P.E., Vice President of Garver Engineers, L.L.C.
Mr. Dale Russom, Principal of Russom Technical Services, L.L.C.
Ms. Jackie Wilson, Citizen

Call to Order of September 14, 2006, Meeting

Mr. Tony Kendall, Chair, called to order the September 14, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Approval of Board Minutes

Chair Kendall called for a motion to approve the minutes of the August 10, regular meeting and the August 21, 2006, special called meeting.

Upon a motion duly made and seconded, the Board approved the minutes.

Regionalism Update

Chair Kendall said that since Mr. Steve Morgan, Director of Regionalism & Future Water Source, needed to leave for another meeting, he would provide the regionalism update at this time.

Mid-Arkansas Water Alliance (MAWA) – Mr. Morgan told the Board that he was leaving early in order to attend another one of the public hearings being held as part of the ongoing enhanced programmatic Environmental Assessment that is being performed by the Little Rock office of the U.S. Army Corps of Engineer in response to the request by MAWA to take supplemental water from Greers Ferry Lake and Lake Ouachita.

Mr. Morgan said that a draft copy of the Corps study has been distributed and indicates “no significant impact” from MAWA’s request for supplemental water.

Lonoke – White Public Water Authority – A tentative agreement has been reached with Community Water System (CWS) to avoid litigation. It has been approved by CWS and most of the Lonoke-White PWA members. They will share the intake and treatment plant site at Greers Ferry and Lonoke-White PWA members will be paying about \$750,000 for properties acquired for the previous project.

Ms. Francille Turbyfill, Commissioner, arrived to the meeting.

City of Bryant – Major portions of the Bryant Water System have been under ‘Boil Water Orders’ this past month because of distribution system failures inside the city of Bryant. Our staff has worked closely with Bryant in order to get them as much water as possible during these times of hardship. Mr. Blake Weindorf, P.E., Senior Engineer, Mr. Billy Otts, Engineering Assistant I, and Mr. Jim Ferguson, P.E., Director of Engineering, are to be commended for assisting the City of Bryant’s water department in helping them to handle the problems caused by their system failures.

Grand Prairie Regional Water Distribution District – Mr. Harvey met with Mayor Patrick Hays of North Little Rock, Don Zimmerman of the Arkansas Municipal League, a commissioner from Grand Prairie Regional Water Distribution District(GPRWDD) and Wendall Chapman, general manager of GPRWDD in order to try to reach an agreement regarding areas of the city of North

Little Rock that overlap into the Grand Prairie Regional Water Distribution District. (The City of North Little Rock receives their water from CAW.) Mr. Morgan said that talks continue in trying to reach an agreement between Grand Prairie and the City of North Little Rock on the issue.

Lake Maumelle Comprehensive Watershed Management Study

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc. (Tt), and Ms. Kimberly Brewer, A.I.C.P., Associate Director of Tetra Tech, Inc., who attended the Board Meeting via telephone conference call, updated the Board on the progress of the Lake Maumelle Comprehensive Watershed Management Study, the Policy Advisory Council (PAC), the Technical Advisory Council (TAC), and scheduled public meetings.

Mr. Clements reported that at the last PAC meeting of August 17, Tt presented a resolution to work with state agencies to prohibit direct wastewater discharges within the Lake Maumelle Watershed. He added that PAC failed to reach a consensus on the resolution as presented due to the failure of one member to vote in favor of the action. The lone dissenting member felt that the issue of direct wastewater discharge should not be acted upon separately from the remainder of the watershed management plan.

Mr. Clements said that the PAC had determined that the number one threat to Lake Maumelle is from direct wastewater discharge into the lake from new development. He further stated that there needs to be a provision in the watershed management plan calling for no direct wastewater discharge and that without this provision, the goal of watershed management cannot be met.

Mr. Clements also said that the PAC received updates from the subcommittees regarding provisions in the watershed management plan as to potential existing landowner exemptions and minimum lot sizes. He stated that these provisions were very important to some of the property owners within the watershed and, therefore, a key element of the plan.

Mr. Clements further stated that the PAC felt it was premature to address the issue of development versus no-development within Critical Area A of the watershed. He said PAC members mentioned the possibility of a moratorium on development within Critical Area A until a pilot project study could be conducted.

Mr. Clements added that while PAC members have reached a consensus on the goals of a watershed management plan, there are disagreements within the PAC as to how to achieve those goals.

Mr. Clements reminded the Board that if the PAC cannot reach a consensus agreement, the Board will be asked to make the final policy decision on a watershed management plan and development within the Lake Maumelle watershed.

Mr. Clements stated that a draft management plan is targeted to be sent to PAC members about the first week of October. He added that following the release of the draft management plan, a presentation to local governing boards and stakeholders will take place in November.

Mr. Clements stated that a draft watershed management plan will be presented to the CAW Board in December.

Mr. Eddie Powell, Commissioner, said he was surprised that anyone would object to prohibiting direct wastewater discharge into the watershed. He asked Mr. Clements to comment on the PAC reaching a consensus.

Mr. Clements said that requiring a consensus allows those in the minority opinion to try to reach a compromise position with the rest of the council. He added that some PAC members don't seem to be actively participating in constructive dialogue and, therefore, he believes a consensus may not be reached.

Ms. Jane Dickey, Commissioner, asked how the draft plan presented to the Board in December would address the issues that do not have a consensus from the PAC. She also asked if the plan would contain a recommendation from Tt.

Ms. Brewer said that the plan would indicate areas of contention and would contain a recommendation by Tt. She added that the CAW Board will make the decision on what parts of the plan to adopt.

In response to a question by Chair Kendall as to the PAC existing after the plan has gone before the CAW Board for the decision, Mr. Clements said that Tt believes there should be a long term stewardship council, one that would replace the PAC. He added that there is a need for a council to see to the implementation of the plan.

Request Regarding Capital Improvement Charges

Mr. Boyce Holmes, Real Estate/Developer, addressed the Board on what he considers to be unfair capitol improvement charges.

Mr. Holmes said that he had met with Mr. Harvey yesterday and he thanked Mr. Harvey for taking the time to speak with him.

Mr. Holmes said that he believes the capitol improvement charge, which is in addition to the charge for water meters, is excessive.

Mr. Harvey explained that Mr. Dale Russom, principal of Russom Technical Services, L.L.C., was employed by CAW at the time the capital improvement charges were implemented. He asked Mr. Russom to speak on these charges.

Mr. Russom explained that the capital investment charges are needed to cover CAW's cost to make water service available to newly developed areas. He explained that newly developed areas put an additional load on existing water lines, pumping facilities, and water treatment facilities. These lines and facilities must be enlarged or enhanced to support the additional load created by new development. When CAW installs these improvements, the policy is that the cost should be recovered from the new development and not solely supported by the existing ratepayers.

Mr. Holmes asked the Commission to suspend the capitol investment charges throughout the system or, at least, on his development.

The Commission took no action on Mr. Holmes request but instructed staff to revisit CAW's various fees and charges.

Environmental Health & Safety Update

Mr. Kevin Hall, Director of Environmental Health & Safety, updated the Board on past and future safety programs and activities.

Chair Kendall thanked Mr. Hall for the informative update.

Commission Briefing

Mr. Harvey updated the Board on the following:

- For the fifth consecutive year, CAW has experienced no increase in insurance premiums and no reduction in benefits
- Mr. Harvey reminded the Board of the directive in Resolution 2005-10 requiring CAW to purchase critical property within Zone A of the Lake Maumelle Watershed within two years. Mr. Harvey told the Board that, as a result of on-going litigation, the deadline will not be met.
- There will be a tour of CAW facilities for new employees and newly elected city officials. Mr. Harvey said that the Commissioners were welcome to participate.

Executive Session

Chair Kendall adjourned the open meeting so the Board could meet in Executive Session.

Upon reconvening in Open Session, Chair Kendall said that the Board has reviewed Mr. Harvey's employment agreement containing modifications.

Upon a motion duly made by Mr. Thomas Rimmer, Commissioner, and seconded by Commissioner Turbyfill, the agreement with modifications was approved.

Adjournment

With there being no further business, Chair Kendall adjourned the meeting.

Jay Hartman, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

October 12, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, October 12, 2006, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Mr. Tony Kendall, Chair
Mr. Jay Hartman, Secretary
Ms. M. Jane Dickey, Commissioner
Mr. Eddie Powell, Commissioner
Ms. Francille Turbyfill, Commissioner

In attendance by telephone conference:

Mr. Thomas W. Rimmer, Commissioner

Absent:

Dr. Roby Robertson, Vice Chair

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism and Future Water Source
Mr. Gary P. Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Ms. Becky Wahlgreen, Director of Human Resources
Ms. Deena Coston, C.P.A., Controller
Mr. Jeff Mascagni, C.P.A., Controller
Ms. Connie Horn, Management Secretary
Ms. Shaní Canada, Administrative Support Part-time/Temporary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

In attendance by telephone conference:

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Dee Brown, P.E., Principal with Brown Engineers, Inc.
Mr. Matthew Cate, Reporter with the Arkansas Democrat-Gazette
Ms. Pat Dicker, Pulaski Quorum Court Member, District 7 and Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Herb Dicker, President of Little Rock Neighborhood Connections and Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study

Mr. Chris Hartung, Director of Executive Search Services with Waters-Oldani Executive Recruitment
Mr. Gary Heathcott, President of Heathcott Associates
Mr. Kevin Kemp, C.P.A., Partner, BKD, L.L.P., the audit firm for CAW
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Trent Parten, C.P.A., Senior Manager, BKD, L.L.P., the audit firm for CAW
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Mr. Brian Smith, Attorney with Friday, Eldredge & Clark, L.L.P.

Call to Order of October 12, 2006, Meeting

Mr. Tony Kendall, Chair, called to order the October 12, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Approval of Board Minutes

Chair Kendall called for a motion to approve the minutes of the September 14, 2006 meeting.

Upon a motion duly made and seconded, the Board approved the minutes.

Lake Maumelle Comprehensive Watershed Management Study - Tetra Tech, Inc., Report

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc. (Tt), who attended the Board Meeting via telephone conference call, updated the Board on the progress of the Lake Maumelle Comprehensive Watershed Management Study, the Policy Advisory Council (PAC), the Technical Advisory Council (TAC), and scheduled public meetings.

Mr. Clements said that based on previous requests for information, PAC members received an overview on the administration and enforcement of a Watershed Management Plan (WMP), and the options available to pursue performance standards program that would include recommendations for a pilot project.

He said that administration and enforcement needs for the implementation of a WMP would have both non-regulatory and regulatory components.

Mr. Clements said that recommendations from Tt include:

- the adoption of local sedimentation and erosion control ordinances and watershed protection ordinances;
- on-site wastewater systems that would not have a direct wastewater discharge;
- the establishment of a responsible management entity (RME) with operational requirements and fees to own, operate, and maintain wastewater systems;
- the establishment of a Watershed Administrator position to enforce local ordinances working with local commissions; the establishment of a non-profit (non-regulatory) Watershed Stewardship Council to provide long-term coordination and oversight for watershed planning; and
- the establishment of a Watershed Coordinator position to staff the Council and manage its work.

Mr. Clements said that the next steps for pursuing a performance standards option include conducting pilot monitoring projects to test best management practices (BMPs) and site designs; conducting supplemental sediment and turbidity modeling for analysis of the disturbance/ construction phase, and; developing capacity for operating a performance standards program.

Pilot monitoring projects would address the construction and post-construction phases that would be conducted by independent monitoring experts and be reviewed by independent engineering experts. Modeling results would be used with pilot monitoring study results to determine level of sedimentation and erosion control required.

Mr. Clements said that PAC members were asked to vote on short term development options; recommended exemptions; and options for mitigating the additional pollution generated by the exemptions.

He said that the PAC is evenly divided on the non-engineering options for new development during the short-term (10 members voted for allowing only a fixed large lot option; one member voted to have a fixed large lot plus a cluster option; and, eight members voted for a fixed large lot plus a cluster option with provisions. Two members abstained from voting.)

Mr. Clements said that recommended exemptions for additions to existing houses, businesses, and institutions and for allowing a limited number of small subdivisions for landowners as of December 2000 passed unanimously 20 to 0 with 1 member abstaining.

Mr. Clements noted that PAC members voted 19-1 as how to mitigate the additional pollution that would be generated by the exemptions. (19 members voted in favor of maintaining a 5-acre minimum lot size and having CAW acquire 1,500 acres of conservation land over the next ten years to offset the exemptions. One member voted to increase the minimum lot size on low sloped areas to 6-acres and not require CAW to acquire any conservation land. One member abstained from voting.)

Members continued their discussion on the issue of development or no development in Critical Area A, but did not reach a consensus. (17 members voted in favor of a motion to defer the decision of development in Critical Area A during the approximate four years required to conduct a pilot project studies and supplemental modeling study. Two members opposed the motion, and two abstained from voting.)

Mr. Clements noted that the next PAC meeting will be held October 19. He said that PAC members will be sent Tt's preliminary draft WMP during the week of October 9 for review prior to the meeting. Emphasis during the meeting will be placed on receiving PAC member comments on the draft recommendations.

Mr. Clements noted that Tetra Tech made a presentation to the Little Rock City Board on September 19 to provide an overview of the to-date progress of the WMP. Mr. Clements added that he and Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer and Director of Watershed Management, met with Saline County Judge, Lanny Fite, to brief him on the watershed planning progress and that a draft plan would be forthcoming that includes recommendations for the portion of the watershed that is in Saline County. Judge Fite indicated the County's strong support for water quality protection.

Mr. Clements said that a draft of the WMP will be distributed at the October 19 PAC meeting and that Tt will present the draft to local governing bodies, watershed property owners, and ratepayers at meetings to be held in November.

Mr. Clements said that the draft WMP will be presented to the CAW Board in December, along with a summary of comments received and subsequent plan modifications made by Tt. He added that any outstanding issues for the Board to decide will be outlined and background information and recommendations will be provided as appropriate.

Lake Maumelle Comprehensive Watershed Management Study – CAW Report

Mr. Kirsch said that he and Mr. Harvey had met with Mr. Reggie Corbitt, Chief Executive Officer of Little Rock Wastewater Utility (LRWU) as to the management of a wastewater facility within the Lake Maumelle Watershed. Mr. Kirsch said that LRWU seems receptive to the idea.

Mr. Kirsch said that Pulaski County Circuit Court Judge Mackie Pierce reversed a previous ruling and will allow Deltic Timber to have a necessity hearing on CAW's right to condemn. He also said that the necessity trial is scheduled for December 18, 19, 20 and 21.

EXECUTIVE SEARCH UPDATE

Ms Becky Wahlgreen, Director of Human Resources, distributed information to the Board regarding the upcoming search for a Chief Executive Officer in preparation for Mr. Harvey's retirement in 2007. Ms. Wahlgreen said that a Request For Qualifications (RFQ) was sent out seeking qualified executive search firms interest in overseeing this search. Five responses were received. She said that the executive search committee reviewed all the responses and unanimously chose Waters-Oldani Executive Recruitment to conduct the executive search.

Ms. Wahlgreen introduced Mr. Chris Hartung, Director of Executive Search Services with Waters-Oldani Executive Recruitment. Mr. Hartung related to the Board the process his firm follows in conducting executive searches and that he would like to see the process start by early December 2006.

AMENDMENTS TO CAW's 401(a) Plan

Ms. Wahlgreen introduced Mr. Brian Smith, Attorney with Friday, Eldredge & Clark, L.L.P. Mr. Smith addressed the Board regarding two amendments that would revise CAW's 401(a) Plan. The first amendment changes the pay-out date from the first quarter following the calendar year of termination to the 60 days following the employee's separation. The second amendment allows the roll-over of 457(b) benefits into tax qualified 401(a) plans.

Upon a motion duly made by Mr. Jay Hartman, Commissioner, and seconded by Mr. Eddie Powell, Commissioner, the amendments were approved.

Meeting of the Audit Committee

Mr. Gary Pittman, Director of Finance & Customer Service, introduced Mr. Kevin Kemp, C.P.A., and Mr. Trent Parten, C.P.A., Partner and Senior Manager respectively with BKD, L.L.P.

Mr. Kemp said that since the Board decided that the audit committee would consist of all Board members, this meeting could be considered a meeting of that committee. He stated that if any Commissioners had any questions or concerns, he would be available to address those concerns.

Mr. Kemp said that the 2006 audit will begin in November.

Approval of Contracts/Purchases

Ms. Jane Dickey, Commissioner, said she would abstain from voting on the following contracts/purchases:

Upon a motion duly made by Mr. Thomas Rimmer, Commissioner and seconded by Commissioner Powell, the Board approved the following contracts/purchases:

- i. a contract with Barloworld Truck Center for \$69,777 for the purchase of a dump truck
- ii. the purchase of a network switch from AT&T for \$69,737.25 (this purchase was made through the State of Arkansas Co-operative Purchasing program)

Five Year Merger Update

Mr. Thad Luther, Chief Operating Officer, and Mr. Steve Morgan, Director of Regionalism and Future Water Source, made a presentation regarding CAW meeting goals that were set at the time of the merger between Little Rock Municipal Water Works and the North Little Rock Water Department.

Commissioner Dickey asked staff to provide information comparing the 2001 future water source estimations and the current future water source estimations.

Ms. Dickey thanked Mr. Luther and Mr. Morgan for their very informative presentation.

Regionalism Update

Mr. Morgan then presented his monthly regionalism report:

- Mid-Arkansas Water Alliance (MAWA) held public workshops in September at Greers Ferry, Hot Springs and Little Rock. These four-hour workshops were aimed at receiving public input for the final Environmental Assessment performed by the U.S. Corps of Engineers as a result of MAWA'S request to gain water from Greers Ferry Lake and Lake Ouachita.

Entergy, Inc., has written a letter of support for MAWA's reallocation, as long as they receive compensation for the lost hydroelectric generation resulting from water being reallocated to MAWA

Southwest Power requested a 30-day extension on a response as to the effect this would have on their hydroelectric generation facilities. The extension was granted and closes with responses postmarked no later than October 25, 2006.

- The Saline Watershed Alliance Board approved a contract with McClelland Engineers to evaluate their future water source options and the costs associated with each option. The report is due from McClelland by February 2007.

Finance & Customer Service Department Update

Mr. Pittman updated the Board on the status of the department and presented a draft of the 2007 budget.

Chair Kendall thanked Mr. Pittman for his informative presentation.

Commissioner Rimmer left the meeting at this time.

LETTER TO THE BOARD FROM A CUSTOMER

Chair Kendall said he has been given a letter from a customer who asked that he share it with other Board members. Chair Kendall asked the Commissioners to be sure to read the letter.

Commission Briefing

Mr. Harvey updated the Board on the following:

- The new customer information software, Enquesta 2006, is operating in a test mode to determine any problems that may exist before it replaces CAW's current system in January 2007 (Systems & Software, provider of CAW's current customer information, financial management, and work management software, will discontinue technical support at year's end. Enquesta 2006 is their new software product.).
- Alltel Communications, Inc., has asked to install cellular equipment on Tank 5 (Pierce Street) and has indicated they are willing to pay the necessary related costs.
- The Saline Water Alliance has commissioned a future water source study and has agreed to CAW's request to participate in the study.
- CAW has offered to provide an update to the Little Rock Board of Directors and the North Little Rock City Council.
- There was a meeting on October 19 with state representatives and CAW staff.

Adjournment

With there being no further business, Chair Kendall adjourned the meeting.

Jay Hartman, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

November 9, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, November 9, 2006, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Mr. Tony Kendall, Chair
Dr. Roby Robertson, Vice Chair
Mr. Jay Hartman, Secretary
Ms. M. Jane Dickey, Commissioner
Mr. Eddie Powell, Commissioner
Mr. Thomas W. Rimmer, Commissioner
Ms. Francille Turbyfill, Commissioner

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism and Future Water Source
Mr. Gary P. Pittman, Chief Financial Officer
Mr. Stan Benton, Director of Distribution
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Gary Hum, Director of Source & Treatment
Mr. Allen Vincent, Director of Information Services
Ms. Becky Wahlgreen, Director of Human Resources
Mr. Darrell Boggs, Assistant Director of Distribution
Mr. Ron Green, Purchasing Agent
Ms. Deena Coston, C.P.A., Controller
Mr. Jeff Mascagni, C.P.A., Controller
Ms. Connie Horn, Management Secretary
Ms. Shaní Canada, Administrative Support Part-time/Temporary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.
Mr. Sam Ledbetter, Attorney for CAW with McMath Woods Law Firm

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Ms. Kimberley Brewer, A.I.C.P., Associate Director of Tetra Tech, Inc.
Mr. Matthew Cate, Reporter with the Arkansas Democrat-Gazette
Mr. Tim Daters, P.E., President of White-Daters & Associates
Mr. Dee Brown, P.E., Principal with Brown Engineers, Inc.
Mr. Matthew Cate, Reporter with the Arkansas Democrat-Gazette
Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.

Ms. Jill Joslin, Vice President/Account Supervisor with Heathcott Associates
Mr. Hal Kemp, Attorney for Rick Ferguson, Developer of Waterview Estates, L.L.C.
Mr. Jim McKenzie, Executive Director of Metroplan
Mr. Charles Nestrud, attorney with Chisenhall, Nestrud & Julian law firm, which represents Deltic Timber Corporation
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Mr. Kirby Rowland, P.E., Vice President of Garver Engineers, L.L.C.
Mr. Joe White, Jr., Vice President of White-Daters & Associates
Perry County Property Owner located within the Lake Maumelle Watershed

Call to Order of November 9, 2006, Meeting

Mr. Tony Kendall, Chair, called to order the November 9, 2006, meeting of the Board of Commissioners.

Mr. Jim Harvey, Chief Executive Officer, introduced guests.

Employee Recognition

Mr. Harvey recognized the academic accomplishments of Mr. Darrell Boggs, Assistant Director of Distribution. Mr. Harvey told the Board that Darrell has earned his Masters of Science Degree in Operations Management, through the School of Engineering at the University of Arkansas (Fayetteville). Mr. Harvey added that Mr. Boggs earned certificates of concentration in two areas; Business Management and Human Resources, and completed the two-year program in 15 months.

Mr. Harvey added that Darrell utilized CAW's Tuition Reimbursement Program to aid him in achieving his academic goals. Mr. Harvey congratulated Darrell on earning his degree.

Mr. Harvey also recognized Mr. Stan Benton and Mr. Bruno Kirsch, P.E., Director of Distribution and Chief Operating Officer respectively, on their years of service with the utility. Mr. Benton celebrated 25 years with the utility and Mr. Kirsch celebrated his 20 year anniversary.

Approval of Board Minutes

Chair Kendall called for a motion to approve the minutes of the October 12, 2006 meeting.

Upon a motion duly made and seconded, the minutes were approved.

Lake Maumelle Comprehensive Watershed Management Study - Tetra Tech, Inc., Report

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc. (Tt), updated the Board on the progress of the Lake Maumelle Comprehensive Watershed Management Study, the Policy Advisory Council (PAC), the Technical Advisory Council (TAC), and scheduled public meetings.

Mr. Clements told the Board that a Preliminary Draft of the Lake Maumelle Watershed Management Plan was sent to Policy Advisory Council (PAC) members on October 11 for

review prior to the scheduled October 19 meeting of the council. He noted that the draft plan was also sent to members of the public for review.

Mr. Clements said that many good comments on the preliminary draft were received from PAC members resulting in some revisions to the plan.

Mr. Clements reported that the Implementation Subcommittee voted unanimously (16 in favor, 1 abstaining) in support of a resolution to further explore the establishment of a regional watershed authority that would provide unity and consistency in managing and enforcing the Lake Maumelle Watershed Management Plan.

He said that PAC members stressed the importance of the following issues:

- The need for all local governments be a part of the exploration and discussion of a regional watershed authority
- Participation from all local governments in determining the need for and feasibility of such an authority
- Participation of all local governments in the design of the authority structure
- For all local governments to have representation on the authority

Mr. Clements said other issues regarding the Preliminary Draft Plan were discussed:

- Revise the Plan recommendation for handling steep-sloped areas within development parcels from including a formal variance procedure for cases where the slope policy causes undue burden to a less formal administrative process with tracking to assess whether intent of the provision is being upheld
- Modification of the Plan to include a clearer definition of “non-discharging systems” along with recommended guidelines for when pumping out of the watershed could be considered. The PAC voted unanimously (16 in favor, with 1 abstaining) to endorse the recommendation of no direct surface discharge of wastewater in the watershed.
- Concern for adequate oversight and enforcement of sedimentation and erosion control during the land disturbance and construction phases of new development (This issue will be further considered during preparation of the Implementation Strategy for the Plan.)
- Revision to the Plan regarding Option 2, Condition 4 (allowing limited development under specific conditions) to remove reference to a specific date for reaching an agreement on land price in favor of simply reflecting that agreement on price should occur before conducting the pilot studies
- To add to the Plan the recommendation for technical expert and landowner representation on the Watershed Review Board

Mr. Clements listed the dates for the following meetings:

- Perry County Watershed Property Owners – November 9, 6:30 – 8:30 p.m.
- North Little Rock City Council – November 13, 7 p.m.
- Little Rock City Board Meeting – November 14, 4 p.m.
- Pulaski County Quorum Court – November 14, 6:30 p.m.

- Joint meeting of the Little Rock Planning Commission and Pulaski County Planning Board – November 15, 8 a.m.
- PAC meeting – November 15, 1:30 at the Arkansas Arts Center
- Perry County Quorum Court – November 16, 7 p.m.

Mr. Clements said that written comments on the Draft Plan will be accepted up to November 27 and that Tt's final recommendation will be based on all comments received, both written and oral. He added that the revised Watershed Management Plan will be presented to the CAW Board at its December 14 meeting, along with a summary of comments received and subsequent plan modifications made by Tt. He added that any outstanding issues for the CAW Board to decide will be outlined and background information and recommendations will be provided, as appropriate.

Mr. Clements said that, after the adoption of the Plan by CAW's Board, the primary focus will be on the Implementation Strategy for the Watershed Management Plan.

Lake Maumelle Watershed Protection Presentation by Jim McKenzie, Metroplan

Mr. Jim McKenzie, Executive Director of Metroplan, said that he has been working with developers of property within the Lake Maumelle watershed to resolve the litigation between them and CAW.

Mr. McKenzie distributed a copy of a proposed settlement agreement between Deltic Timber, Inc., developer of the Ridges at Nowlin Creek; Mr. Rick Ferguson, developer of Waterview Estates; and CAW. He made a presentation and answered questions on the proposed settlement.

2007 Financial Plan

Mr. Gary Pittman, Chief Financial Officer, presented the draft 2007 Financial Plan that included a 3.75% Pay Plan Adjustment. He also discussed the need for additional debt financing.

Upon a motion duly made by Mr. Eddie Powell, Commissioner, and seconded by Ms. Francille Turbyfill, Commissioner, the 2007 Financial Plan was approved.

Approval of Contracts/Purchases

Upon a motion duly made by Commissioner Powell and seconded by Dr. Roby Robertson, Vice Chair, the Board approved the following contract:

- i. Diamond Construction Company in the amount of \$4,460,208 for the installation of approximately 12,475 linear feet of 24-inch-diameter; 2,440 linear feet of 12-inch-diameter; 7,845 linear feet of 8-inch-diameter ductile iron pipe; and, 7,670 linear feet of 2-inch-diameter polyvinyl chloride pipe located on East Broadway and East Second Street in North Little Rock

Commission Briefing

Mr. Harvey updated the Board on the following:

- Mr. Harvey told the Board that the following week he would conduct a tour of CAW

facilities for new employees and newly elected political officials. He invited Commissioners to attend.

Mr. Tad Bohannon, attorney for CAW with Wright, Lindsey & Jennings, updated the Board on the Brushy Island construction project and the 145th Street Water Improvement District's plan to merge with CAW. He also noted that the semi-annual Brushy Island report to the Court had just been filed and was available to anyone wishing to see a copy.

Executive Session

Chair Kendall adjourned the Open Meeting so the Board could meet in Executive Session.

Upon reconvening in Open Session, Chair Kendall said that no action will be taken.

Adjournment

With there being no further business, Chair Kendall adjourned the meeting.

Jay Hartman, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

November 9, 2006

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Mr. Thomas W. Rimmer, Commissioner
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He said that PAC members stressed the importance of the following issues:

- The need for all local governments be a part of the exploration and discussion of a regional watershed authority
- Participation from all local governments in determining the need for and feasibility of such an authority
- Participation of all local governments in the design of the authority structure
- For all local governments to have representation on the authority

Mr. Clements said other issues regarding the Preliminary Draft Plan were discussed:

- Revise the Plan recommendation for handling steep-sloped areas within development parcels from including a formal variance procedure for cases where the slope policy causes undue burden to a less formal administrative process with tracking to assess whether intent of the provision is being upheld
- Modification of the Plan to include a clearer definition of “non-discharging systems” along with recommended guidelines for when pumping out of the watershed could be considered. The PAC voted unanimously (16 in favor, with 1 abstaining) to endorse the recommendation of no direct surface discharge of wastewater in the watershed.
- Concern for adequate oversight and enforcement of sedimentation and erosion control during the land disturbance and construction phases of new development (This issue will be further considered during preparation of the Implementation Strategy for the Plan.)
- Revision to the Plan regarding Option 2, Condition 4 (allowing limited development under specific conditions) to remove reference to a specific date for reaching an agreement on land price in favor of simply reflecting that agreement on price should occur before conducting the pilot studies
- To add to the Plan the recommendation for technical expert and landowner representation on the Watershed Review Board

Mr. Clements listed the dates for the following meetings:

- Perry County Watershed Property Owners – November 9, 6:30 – 8:30 p.m.
- North Little Rock City Council – November 13, 7 p.m.
- Little Rock City Board Meeting – November 14, 4 p.m.
- Pulaski County Quorum Court – November 14, 6:30 p.m.

- Joint meeting of the Little Rock Planning Commission and Pulaski County Planning Board – November 15, 8 a.m.
- PAC meeting – November 15, 1:30 at the Arkansas Arts Center
- Perry County Quorum Court – November 16, 7 p.m.

Mr. Clements said that written comments on the Draft Plan will be accepted up to November 27 and that Tt's final recommendation will be based on all comments received, both written and oral. He added that the revised Watershed Management Plan will be presented to the CAW Board at its December 14 meeting, along with a summary of comments received and subsequent plan modifications made by Tt. He added that any outstanding issues for the CAW Board to decide will be outlined and background information and recommendations will be provided, as appropriate.

Mr. Clements said that, after the adoption of the Plan by CAW's Board, the primary focus will be on the Implementation Strategy for the Watershed Management Plan.

Lake Maumelle Watershed Protection Presentation by Jim McKenzie, Metroplan

Mr. Jim McKenzie, Executive Director of Metroplan, said that he has been working with developers of property within the Lake Maumelle watershed to resolve the litigation between them and CAW.

Mr. McKenzie distributed a copy of a proposed settlement agreement between Deltic Timber, Inc., developer of the Ridges at Nowlin Creek; Mr. Rick Ferguson, developer of Waterview Estates; and CAW. He made a presentation and answered questions on the proposed settlement.

2007 Financial Plan

Mr. Gary Pittman, Chief Financial Officer, presented the draft 2007 Financial Plan that included a 3.75% Pay Plan Adjustment. He also discussed the need for additional debt financing.

Upon a motion duly made by Mr. Eddie Powell, Commissioner, and seconded by Ms. Francille Turbyfill, Commissioner, the 2007 Financial Plan was approved.

Approval of Contracts/Purchases

Upon a motion duly made by Commissioner Powell and seconded by Dr. Roby Robertson, Vice Chair, the Board approved the following contract:

- i. Diamond Construction Company in the amount of \$4,460,208 for the installation of approximately 12,475 linear feet of 24-inch-diameter; 2,440 linear feet of 12-inch-diameter; 7,845 linear feet of 8-inch-diameter ductile iron pipe; and, 7,670 linear feet of 2-inch-diameter polyvinyl chloride pipe located on East Broadway and East Second Street in North Little Rock

Commission Briefing

Mr. Harvey updated the Board on the following:

- Mr. Harvey told the Board that the following week he would conduct a tour of CAW

facilities for new employees and newly elected political officials. He invited Commissioners to attend.

Mr. Tad Bohannon, attorney for CAW with Wright, Lindsey & Jennings, updated the Board on the Brushy Island construction project and the 145th Street Water Improvement District's plan to merge with CAW. He also noted that the semi-annual Brushy Island report to the Court had just been filed and was available to anyone wishing to see a copy.

Executive Session

Chair Kendall adjourned the Open Meeting so the Board could meet in Executive Session.

Upon reconvening in Open Session, Chair Kendall said that no action will be taken.

Adjournment

With there being no further business, Chair Kendall adjourned the meeting.

Jay Hartman, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

December 14, 2006

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 1:30 p.m. Thursday, December 14, 2006, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Mr. Tony Kendall, Chair
Dr. Roby Robertson, Vice Chair
Mr. Jay Hartman, Secretary
Ms. M. Jane Dickey, Commissioner
Mr. Eddie Powell, Commissioner
Mr. Thomas W. Rimmer, Commissioner
Ms. Francille Turbyfill, Commissioner

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Ms. Connie Horn, Management Secretary
Ms. Shaní Canada, Administrative Support Part-time/Temporary
Ms. Brandi McGreevey, Administrative Support Part-time/Temporary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study (PAC)
Ms. Ruth Bell, PAC Member and League of Women Voters
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Ms. Kimberley Brewer, A.I.C.P., Associate Director of Tetra Tech, Inc.
Mr. Matthew Cate, Reporter with the Arkansas Democrat-Gazette
Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.
Mr. Tim Daters, P.E., President of White-Daters & Associates
Mr. Herb Dicker, President, Little Rock Neighborhood Connections and PAC Member
Ms. Pat Dicker, Pulaski County Quorum Court and PAC Member
Mr. Brian Ferguson, Cameraman for KATV-TV, Channel 7 News
Mr. Barry Haas, alternate on PAC
Mr. Gary Heathcott, President Heathcott Associates
Mr. John Hofheimer, Reporter *The Leader* of North Pulaski County
Mr. Glen Hooks, Sierra Club and PAC Member
Mr. Jim Julian, Attorney for Deltic Timber Corporation
Mr. Hal Kemp, Attorney for Rick Ferguson, Developer of Waterview Estates, L.L.C.
Mr. Wally Loveless, Policy Advisory Council Member

Ms. Amanda Manatt, reporter for KATV-TV, Channel 7 News
Mr. Jim McKenzie, Executive Director of Metroplan
Mr. Bruce McMath, Attorney for CAW with McMath Woods Law Firm
Mr. Charles Nestrud, attorney with Chisenhall, Nestrud & Julian law firm, which represents Deltic Timber Corporation
Mr. Danny O'Kelley, Citizen
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Perry County Citizen
Mr. Norvell Plowman, attorney for Mr. Lee Bodenhamer, Lake Maumelle Watershed Property Owner
Mr. Kirby Rowland, P.E., Vice President of Garver Engineers, L.L.C.
Mr. Carl Stapleton, Ph.D., PAC Member
Mr. Ray Vogelphol, Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Ms. Kathy Webb, Arkansas State Representatives-Elect
Ms. Kathy Wells, Alternate on Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Ms. Marge Brewster, Ph.D., Member on Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study

Call to Order of December 14, 2006, Meeting

Mr. Tony Kendall, Chair, called to order the December 14, 2006, meeting of the Board of Commissioners.

Approval of Contracts/Purchases

Upon a motion duly made by Commissioner Thomas W. Rimmer, and seconded by Ms. Francille Turbyfill, Commissioner, the Board approved the following contracts:

- i. A contract with various vendors totaling \$936,177.25 for the annual purchase of water treatment chemicals for 2007

Metroplan Settlement Proposal for Development within the Lake Maumelle Watershed

Chair Kendall said that staff continues to analyze the proposal presented by Mr. Jim McKenzie, Executive Director of Metroplan, regarding development versus non-development within the Lake Maumelle Watershed.

Lake Maumelle Comprehensive Watershed Management Study

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc. (Tt), and Ms. Kimberly Brewer, Associate Director of Tetra Tech, Inc., presented Tt's final recommendation on the Lake Maumelle Watershed Management Plan. Mr. Clements stated that the goals in conducting the study were to maintain, on a long-term basis, an abundant supply of high quality drinking water to Central Arkansas, and to provide equitable share of costs and benefits for protecting the Lake Maumelle Watershed (the Watershed).

Following questions by the Board, Mr. Clements discussed four items requiring action by the Board of Commissioners: 1) Short-term development options for the Upper Lake Maumelle

Watershed area and Critical Area B in the Watershed; 2) whether to allow the Performance Standards approach in CAW development agreements within the Watershed; 3) Development in Critical Area A of the Watershed, and 4) Adoption of the Lake Maumelle Watershed Management Plan.

Following each of the four action items, several members of the public spoke in support of protecting the Lake Maumelle Watershed Management Plan.

After the Board discussed each action item by the Board, the Board voted as follows:

- Action Item #1 – Upon a motion duly made by Mr. Thomas Rimmer, Commissioner, and seconded by Ms. Jane Dickey, Commissioner, the Board approved Option 4 of the Lake Maumelle Watershed Management Plan, with changes to clarify the a Pilot Project for Critical Area B would be in the Watershed.
- Action Item #2 – Upon a motion duly made by Commissioner Dickey and seconded by Dr. Roby Robertson, Commissioner, the Board approved Action Item #2 of the Maumelle Watershed Management Plan
- Action Item #3 – Upon a motion duly made by Commissioner Dickey and seconded by Commissioner Robertson, the Board voted unanimously to not allow development within Critical Area A of the Watershed.

Commissioner Dickey asked that staff continue to pursue settlement under a plan, since revised by the Tt recommendations, presented at the November Board Meeting by Mr. Jim McKenzie, Executive Director of Metroplan.

The Board asked that staff report back to them no later than February 1, 2007 as to continuing negotiations.

- Action Item #4 – Upon a motion duly made by Commissioner Rimmer and seconded by Commissioner Dickey, the Board voted unanimously to adopt the Lake Maumelle Watershed Management Plan with modifications discussed by the Board.

Executive Session

Chair Kendall adjourned the Open Meeting so the Board could meet in Executive Session. Upon reconvening in Open Session, Chair Kendall said that no action will be taken.

Adjournment

With there being no further business, Chair Kendall adjourned the meeting.

Jay Hartman, Secretary/Treasurer