

Minutes of a Regular Meeting
Board of Commissioners
CENTRAL ARKANSAS WATER

10 January 2002

The Board of Commissioners, CENTRAL ARKANSAS WATER, convened in a regular meeting at 2 p.m., Thursday, 10 January 2002, in the Third Floor Board Room of the Capitol Avenue Complex, Little Rock.

Present were:

Ms. M. Jane Dickey - Chair
Mr. Eddie Powell - Secretary/Treasurer
Dr. Thomas Rimmer - Commissioner
Ms. Alma Williams - Commissioner
Mr. Claude Wilson - Commissioner

Also in attendance were:

Mr. James Harvey - Chief Executive Officer
Mr. Bruno Kirsch - Chief Operating Officer
Mr. Steve Morgan - Director of Regionalism & Future Source
Ms. Connie Horn - Management Secretary
Ms. Kathy Graves, Attorney - Wright, Lindsey & Jennings
Ms. Cindy Murphy - *Arkansas Democrat-Gazette*

Ms. Dickey, Chair, called the January meeting of the Board of Commissioners, CENTRAL ARKANSAS WATER, to order. She asked that the minutes reflect that Mr. Craig Wood and Ms. Francille Turbyfill were absent from the Board meeting. Ms. Dickey mentioned that Ms. Turbyfill's husband is seriously ill and asked staff to send flowers or a food tray, on behalf of the Board of Commissioners. Ms. Dickey also indicated she would write a letter to Ms. Turbyfill expressing the Board's concern for the welfare of Mr. Turbyfill.

At this time, Ms. Williams expressed to the Board that she felt the decision to engage The Communications Group was an excellent decision. She stated she felt The Communications Group was an exceptional firm and that the Board would be very pleased with their work.

Ms. Dickey asked if there was a motion to approve the Minutes of the December Board meeting. Mr. Powell made the motion, seconded by Mr. Wilson. The motion was approved.

Mr. Kirsch reported to the Commission on an annual contract for pavement cuts resulting from repairs to services and mains. Four bids, which are estimates based on the previous years' usage, were received. Mr. Kirsch explained that this contract is for repairs on the South side only. Repairs on the North side are done by the City of North Little Rock, which bills the utility for those repairs. Ms. Dickey asked if the work on the North side could be included in the contract for work on the South side. Mr. Morgan responded that the work done on the North side is the result of an ordinance passed by the City of North Little Rock. Mr. Harvey told the Commission that there might be a possibility of working something out with North Little Rock in regards to allowing the repairs to be made by CENTRAL ARKANSAS WATER. A motion was made by Mr. Wilson, and seconded by Ms. Williams, to approve the contract as presented. The motion was approved.

A request was made by Mr. Harvey to defer the presentation on the Public Officials Summit until all Commissioners could be present. After the Commissioners that were present

indicated their agreement with Mr. Harvey's request, Ms. Dickey stated that the presentation would be deferred.

Mr. Harvey updated the Commission on the System Development Charges Task Group. He reported that there were a lot of people willing and eager to serve on the task group and that there is a strong and diverse group of people devoting their time to this issue. At the first meeting, information on the water system and rate study was presented to everyone. Also at this meeting, Dr. Joel Anderson was unanimously selected as the group facilitator. Dr. Anderson has indicated to Mr. Harvey that he is very excited and eager to be of assistance in this endeavor. The task group then setup into three separate groups with each group assigned a different subject matter to research and report on to the entire group at a later date. Also at this time, a chairman was chosen for each group. Mr. Harvey also mentioned that CENTRAL ARKANSAS WATER staff would be available to assist these groups as needed. Mr. Harvey stated that he has great expectations for this group.

Ms. Dickey thanked Mr. Harvey for taking on this job and stated she felt the Commission would benefit from the job that is being performed by the task group.

Mr. Steve Morgan updated the Commission on the supplemental water source study that is being conducted by the Corps of Engineers. The draft outlining the scope of the work should be completed by next week. Mr. Morgan stated he has heard from many of the surrounding communities that have indicated their interest in participating in this study. Ms. Dickey asked Mr. Morgan if the communities of Benton, Maumelle and Conway are participants in this study. Mr. Morgan responded that they are participating and that because of the additional participation of so many communities, the cost to CENTRAL ARKANSAS WATER is considerably less than the original figure. Mr. Powell asked Mr. Morgan what exactly the study would show. Mr. Morgan responded that the study would pinpoint the best future water source. It will also indicate an alternative site, cost and environmental impact. In response to questions from the Commission, Mr. Morgan indicated that the goal is to begin construction on a new water source within 10 years and have it in place within 15 years. The final timetable will be determined by the study.

Mr. Morgan also informed the Commission that a Saline County Judge has brought together 19 water districts to discuss the use of Lake Ouachita as a water source.

Mr. Morgan reported that meetings are being held with North Pulaski Water District regarding a possible merger with CENTRAL ARKANSAS WATER.

Mr. Harvey reported to the Commission that Mr. Morgan would be working to acquire property around Lake Maumelle to further watershed protection.

Ms. Dickey reminded Mr. Morgan that the manger of the Louisville, KY water department could share information on working with rural water associations in setting rates and strategies.

Ms. Dickey reminded Mr. Harvey that there would be an executive session at the February meeting to prepare a written evaluation on the performance of the Chief Executive Officer.

Ms. Dickey asked if there was any further business to discuss. There being none, the meeting was adjourned at 2:30 p.m., Thursday, 10 January.

ATTEST:

APPROVED:

M. Jane Dickey, Chair

Francille Turbyfill, Vice-Chair

Eddie Powell, Secretary/Treasurer

Thomas Rimmer, Commissioner

Alma Williams, Commissioner

Claude Wilson, Commissioner

Craig Wood, Commissioner

Minutes of a Special Meeting
Board of Commissioners
CENTRAL ARKANSAS WATER

30 January 2002

The Board of Commissioners, CENTRAL ARKANSAS WATER, convened in a special meeting via conference call at 3:30 p.m., Thursday, 30 January 2002, in the Third Floor Board Room of the Capitol Avenue Complex, Little Rock.

Present on the phone were:

Ms. M. Jane Dickey - Chair
Dr. Thomas Rimmer - Commissioner
Mr. Claude Wilson - Commissioner
Mr. Craig Wood - Commissioner

Also in attendance were:

Mr. James Harvey - Chief Executive Officer
Mr. Bruno Kirsch - Chief Operating Officer
Ms. Connie Horn - Management Secretary
Mr. Ron Green - Purchasing Agent, Central Arkansas Water

Ms. Dickey called the meeting of the Board of Commissioners, Central Arkansas Water, to order and asked Mr. Kirsch to explain the reason for calling a special Board meeting.

Mr. Kirsch asked that it be noted that the news media had been notified of the meeting, but were not present.

Mr. Kirsch explained that the meeting was called to request approval to place an order for furniture required because of remodeling plans. The renovations should be completed by the end of March; therefore, the furniture needs to be ordered as soon as possible to ensure the arrival time would coincide with the completion of the renovations.

Mr. Kirsch also explained that municipalities are allowed to bid off a national bid list. The bid received by Central Arkansas Water from Today's Office was for \$51,180.97.

Mr. Wood inquired as to the contract cost of the renovations. Mr. Kirsch responded that the bid for renovations came in at less than \$180,000 and that the budgeted amount was \$340,000. The contract for renovations will go before the Board of Commissioners for approval at the February Commission meeting.

Ms. Dickey asked if there were any other questions on this issue. A motion was made by Mr. Wilson and seconded by Dr. Rimmer to approve the purchase of furniture as recommended by staff. The motion was approved.

There being no further business, the meeting was adjourned at 3:35, 30 January 2002.

ATTEST:

APPROVED:

M. Jane Dickey, Chair

Francille Turbyfill, Vice-Chair

Eddie Powell, Secretary/Treasurer

Thomas Rimmer, Commissioner

Alma Williams, Commissioner

Claude Wilson, Commissioner

Craig Wood, Commissioner

Minutes of a Regular Meeting
Board of Commissioners
CENTRAL ARKANSAS WATER

14 February 2002

The Board of Commissioners, CENTRAL ARKANSAS WATER, convened in a regular meeting at 2 p.m., Thursday, 14 February 2002, in the Third Floor Board Room of the Capitol Avenue Complex, Little Rock.

Present were:

Ms. M. Jane Dickey - Chair
Ms. Francille Turbyfill - Vice-chair
Dr. Thomas Rimmer - Commissioner
Mr. Claude Wilson - Commissioner
Mr. Craig Wood - Commissioner

Absent were:

Mr. Eddie Powell - Secretary/Treasurer
Ms. Alma Williams - Commissioner

Also in attendance were:

Mr. James Harvey - Chief Executive Officer
Mr. Bruno Kirsch - Chief Operating Officer
Mr. Gary Pittman - Director of Finance & Future Water Source
Mr. Steve Morgan - Director of Regionalism & Future Source
Ms. Connie Horn - Management Secretary
Ms. Kathy Graves, Attorney - Wright, Lindsey & Jennings
Mr. Mike Marlar - Marlar Engineering
Mr. James Tanner - Carter Burgess
Mr. Roger Nesuda - Jolly Roger's Marina
Ms. Cindy Murphy - *Arkansas Democrat-Gazette*

Ms. Dickey, Chair, called the February meeting of the Board of Commissioners, CENTRAL ARKANSAS WATER, to order.

Ms. Dickey asked for a motion to approve the Minutes of the January Board meeting. Dr. Rimmer made a motion, seconded by Mr. Wilson, to approve those minutes. The motion was approved.

Mr. Kirsch reported to the Board that bids for office renovations were opened Tuesday, 12 February 2002. The low bid received was in the amount of \$143,000. The contractor who submitted this low bid has submitted a letter asking that it be withdrawn due to errors. We have accepted his letter of withdrawal. The next low bid of \$166,500 was submitted by Phoenix Development Construction Company. Mr. Wood asked if this project included renovations to the Paragon Building. Mr. Kirsch stated that it pertains to renovations in the Capitol Avenue building only. Mr. Wood asked if security was being considered in these renovations. Mr. Kirsch replied that it was.

The staff recommends awarding the engineering contract for the design of two waterlines from the Wilson Treatment Plant to Hwy. 10 to Carter Burgess, Inc. Mr. Harvey told the Board that this project would have cost about \$1 million, but staff negotiated the cost of the

contract at \$220,974. Mr. Wood asked if any major roads would be affected during construction of these waterlines. Mr. Kirsch responded that most of the construction would run through utility easements and would have a minimal affect on Sam Peck Road and Cantrell Road.

In anticipation of a new intake, a new aerial crossing is needed. The cost of design for this new crossing is \$190,000. Mr. Wood asked if this new crossing would have all-weather access. Mr. Kirsch responded that it would.

A motion was made by Mr. Wood, and seconded by Dr. Rimmer, to approve the three above-mentioned contracts. The motion was approved.

There are plans to issue \$35 million in revenue bonds to cover the costs of capital improvements. A resolution was presented to the Board to approve reimbursement of expenses related to capital improvements, which are incurred before the bonds are issued.

Mr. Pittman reported to the Board that Request for Proposal (RFP's) for banking services will be issued. These RFP's will be brought before the Board next month for approval. Mr. Wood asked what the criteria would be. Mr. Pittman indicated that staff was currently working with counsel on setting the criteria.

The Board had previously approved Phase I and II of the GIS Data Conversion & Implementation project. Phase III pertains to the conversion of North Little Rock Water Dept. data into the GIS format. Dr. Rimmer questioned the fact that this phase was over the budgeted amount. Mr. Kirsch responded that more work needed to be done in this phase than had been previously anticipated, but overall, the entire project came in under budget. A motion was made by Ms. Turbyfill, and seconded by Dr. Rimmer, to approve the implementation of Phase III of this project. The motion passed.

Mr. Kirsch addressed the Board regarding a request for a private service line. In the past, the Board has approved private service line agreements when certain requirements were met. Mr. Kirsch informed the Board that this request does meet those requirements and recommended approval. One of the requirements is the customer's written agreement that no further development will take place off this line. Dr. Rimmer questioned the Commission's need to address matters such as this rather than staff making the decisions. Mr. Harvey responded that this is possible, if that is the wish of the Board. Ms. Dickey asked if the Board wanted to change the policy at this time. Mr. Wood asked staff to provide negative and positive views on bypassing the Board on such issues such as this. Dr. Rimmer made a motion, seconded by Mr. Wilson, to approve the request for a Private Service Line Agreement. The motion was passed.

Mr. Harvey addressed the Board on the Proposed Rules and Regulations Changes for Lake Maumelle and Lake Winona. Mr. Harvey informed the Board that while CAW staff is recommending more restricted hours for the lakes, Grand Maumelle Sailing Club is requesting more hours of availability. Mr. Harvey informed the Board that a public hearing would be held in order to receive comments on this matter from interested parties. Mr. Wood asked Mr. Roger Nesuda to review the Proposed Rules and Regulations Changes for Lake Maumelle and Lake Winona and share his thoughts on them with the Board.

Mr. Morgan updated the Board on the progress of the Supplemental Water Source Study. He has recently met with the Corps of Engineers and the scope of the study has been revised to include all utilities who wish to participate in the study. The engineering firm involved in the study will be Black & Veatch. Mr. Morgan has met recently with North Pulaski Water District regarding the possibility of a merge between the utilities.

Mr. Harvey informed the Board that staff was prepared to update them on the progress of the Task Group for System Development Charges.

Mr. Morgan reported on the progress of Task Sub-Group 3 - Alternative Methods of Financing Growth. Sub-Group 3 recommends spreading out the cost of growth through System Development Charges (SDC's) and water rates.

Mr. Gary Pittman reported on the progress of Task Sub-Group 2 - Commercial and Industrial Development. Sub-Group 2 sees no real impact on commercial or industrial development caused by SDC's.

Mr. Kirsch reported on the progress of Task Sub-Group 1 - Affordable Housing. Sub-Group 1 had three recommendations: 1) CAW consider establishing a fund to assist needy individuals in paying their water bill, 2) a general rate increase in place of SDC's, and 3) if SDC's are applied, exemptions for affordable housing should be considered.

Ms. Dickey asked how it was determined who would receive financial assistance in the payment of water bills. Mr. Harvey responded that such a fund is administered by charitable organizations, such as the American Red Cross.

This completed the update of the Task Group for System Development Charges

In the absence of Ms. Williams, Dr. Rimmer presented Ms. Williams report on the AWWA Public Officials Summit which some of the Commissioners attended this past November. Dr. Rimmer said that Ms. Williams did a good job on summarizing the summit.

Dr. Rimmer reported that the main thrust of the summit was that Boards should be involved in setting overall policy and then allow staff to implement those policies. He felt the summit was a good opportunity to learn about the relationship between the Board and staff and the Board and the public. Ms. Dickey stated that she was interested in the procedure to adopt policy and have a formal policy book that would be available for viewing. Mr. Harvey responded that he and Kathy Graves were currently taking steps to achieve this. After further discussion on the summit, Ms. Dickey thanked Dr. Rimmer for his report.

Mr. Harvey reminded the Board that the registration deadline for the annual AWWA Conference was approaching and, in order to receive a registration discount, we needed to get everyone who planned on attending registered. There followed some discussion regarding a travel reimbursement policy for Commissioners. Ms. Dickey asked if there was a written policy for Commissioners. Mr. Harvey replied that one had been presented to the Board, but action had never been taken on it.

Mr. Harvey commented that there are a number of issues that will be coming before the Board in the next few months and suggested a retreat might be a good idea. It would provide the opportunity to discuss, and become more familiar with, some of the issues that will be brought before the Board in the near future. Dr. Rimmer indicated he felt this was a good idea. Ms. Dickey stated that she would like to set aside a portion of that time to discuss Commission policy and issues. The calendar dates of April 5,6,19,20 were suggested for the retreat date. Mr. Harvey said staff would work with Commissioners to reach a date that would be convenient for all.

At this time, the Board went into Executive Session.

The Board reconvened and announced they had prepared a written evaluation of the CEO. The evaluation will be presented to the CEO at the March meeting.

There being no further business to discuss, the meeting was adjourned at 4:25 p.m., Thursday, 14 February.

ATTEST:

APPROVED:

Francille Turbyfill, Vice-Chair

M. Jane Dickey, Chair

Eddie Powell, Secretary/Treasurer

Thomas W. Rimmer, Commissioner

Claude Wilson, Commissioner

Craig Wood, Commissioner

Alma Williams, Commissioner

APPROVED BY COMMISSION
DATE <u>2-14-02</u> INITIALS <u>d</u>

RESOLUTION NO. 2002-01

A RESOLUTION DECLARING THE INTENT OF CENTRAL ARKANSAS WATER TO MAKE CERTAIN EXPENDITURES TOWARD CAPITAL IMPROVEMENTS FOR THE UTILITY AND TO REIMBURSE ITSELF FOR SUCH EXPENDITURES FROM THE PROCEEDS OF BONDS OF THE UTILITY; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, Central Arkansas Water ("CAW") proposes to acquire, design, construct and equip capital improvements to its water distribution system and water treatment facilities (the "Improvements"); and

WHEREAS, it is appropriate that CAW assure that its power to issue capital improvement bonds to finance the costs of the Improvements, the interest on which is exempt from federal income tax, will, under applicable sections of the Internal Revenue Code and the Treasury Regulations promulgated thereunder, be preserved, and adoption of this Resolution serves that purpose.

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

Section 1. Pursuant to United States Treasury Regulation §1.150-2, CAW hereby declares its official intent and reasonable expectation to reimburse itself for original expenditures paid from its general or operating funds that are used in acquiring, constructing and equipping the Improvements between the date that is sixty (60) days prior to the date of this Resolution and the date the bonds are issued, plus a de minimis amount and preliminary expenditures, with the proceeds of one or more series of tax-exempt bonds in the principal amount of not to exceed \$100,000,000 (the "Bonds").

Section 2. CAW shall reimburse itself for the original expenditures from proceeds of the Bonds within 18 months after the later of:

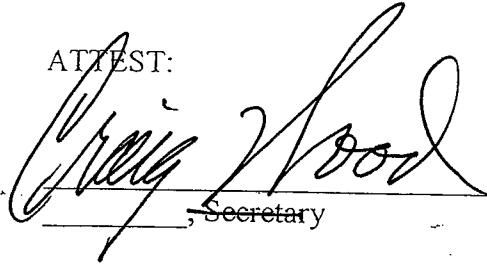
- (a) the date of the original expenditure is paid, or
- (b) the date the project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid.

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

Section 4. A copy of this Resolution shall be filed with Secretary of CAW where it will be available for public inspection.

ADOPTED: 14 FEB., 2002

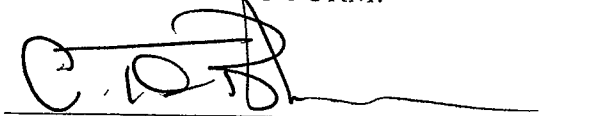
ATTEST:


_____, Secretary

APPROVED:


_____, Chairperson

APPROVED AS TO FORM:



C. Tad Bohannon,
Counsel for Central Arkansas Water

Minutes of a Regular Meeting
Board of Commissioners
CENTRAL ARKANSAS WATER

14 March 2002

The Board of Commissioners, CENTRAL ARKANSAS WATER, convened in a regular meeting at 2 p.m., Thursday, 14 March 2002, in the Third Floor Board Room of the Capitol Avenue Complex, Little Rock.

Present were:

Ms. M. Jane Dickey, Chair
Ms. Francille Turbyfill, Vice-chair
Mr. Eddie Powell, Secretary/Treasurer
Dr. Thomas Rimmer, Commissioner
Ms. Alma Williams, Commissioner
Mr. Claude Wilson, Commissioner
Mr. Craig Wood, Commissioner

Also in attendance were:

Mr. James Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Source
Mr. Stan Benton, Director of Distribution
Mr. Gary Hum, Director of Source & Treatment
Mr. Gary Pittman, Director of Finance
Mr. Dennis Yarbro, Supervisor of Water Sources
Ms. Fredricka Sharkey, Communications Assistant
Ms. Connie Horn, Management Secretary
Ms. Kathy Graves, Attorney, Wright, Lindsey & Jennings
Mr. Bob Birch, Twin City Bank
Ms. Dani Conrad, The Communications Group
Mr. Jack Myers, Grand Maumelle Sailing Club
Ms. Cindy Murphy, *Arkansas Democrat-Gazette*
Mr. Roger Nesuda, Jolly Roger's Marina
Mr. Kirby Rowland, Garver Engineers
Mayor Joe Allman, City of Cabot
Mr. Odis Waymack, Alderman, City of Cabot

Ms. Dickey, Chair, called the March meeting of the Board of Commissioners, CENTRAL ARKANSAS WATER, to order.

Ms. Dickey asked for a motion to approve the Minutes of the February Board meeting. Mr. Powell made a motion, seconded by Dr. Rimmer, to approve the minutes of the February meeting. The motion was approved.

A request by Mr. Reggie Corbitt, Manager, Little Rock Wastewater Utility, to address the Board was delayed, at his request, until the April meeting.

Ms. Dickey noted that at last month's meeting, CAW staff had presented to the Board proposed changes to Rules and Regulations for Lake Maumelle and Lake Winona. At that

meeting, staff reported a Task Group would be created to review these proposed changes. The Task Group would then report back to the Board on these proposed changes.

Mr. Harvey introduced Jack Myers, chair of the Task Group, and asked him to report on the group's findings. Mr. Myers reported that the Task Group had met twice and had also attended the public hearing on the proposed changes to the rules and regulations. Mr. Myers felt the Task Group was a well-rounded one that added diverse opinions on the subject. The prevalent opinion stated by Mr. Myers was that there was no direct correlation between lake hours and security. The majority of the Task Group came to the conclusion that the assets of CAW needed to be protected, as well as the lake itself. The amount of shoreline on the lakes would prohibit the ability to adequately guard the lakes. It was the belief of the majority of the Task Group that having people on the lake who share an interest in its protection and who could be aware of any suspicious activity was the best possible protection of the lakes and CAW's assets on the lakes. The recommendation on hours of use for Lake Maumelle was to maintain winter and summer hours. The recommendation for Lake Winona was to maintain the present 24 hours accessibility. Mr. Myers also recommended that lake rules and regulations be clarified, updated and adequately posted to provide clear guidelines for enforcement. Mr. Powell asked Mr. Harvey if staff was in the process of updating these rules and regulations. Mr. Harvey replied yes and that they would up report back to the Commission on this update.

Ms. Dickey asked if CAW had received any recommendations regarding protection of reservoirs since the 11 September 2001 emergency? Mr. Harvey replied that no recommendations had been received from AWWA regarding water reservoir protection.

Mr. Powell commented that it seemed that most comments at the public hearing were directed toward lake hours rather than the proposed rules and regulations changes. He asked if the recommendations made today were acceptable to CAW staff. Mr. Harvey indicated that the recommendation was acceptable, with the change of summer hours to run from April to November. Mr. Powell asked Mr. Myers and Mr. Nesuda if they would agree to the summer hours starting in April rather than March. They indicated they would have no problem agreeing to that.

With further discussion on the need for heightened security via "friendly eyes" of regular users and added security measures, Mr. Wood encouraged staff to make sure that signs detailing lake rules and regulations were posted in a large variety of places

Mr. Wood made a motion to change Lake Maumelle public access hours to 24 hours per day, for the summer months from April to October and 6:00 a.m. to 8:00 p.m. for the winter months of November to March. He also moved to maintain the existing hours for Lake Winona. Mr. Powell seconded the motion. Mr. Wood amended the motion directing staff to install signs containing new rules and regulations. The motion was approved.

Mr. Morgan updated the Board on the recommendations of the Task Group on System Development Charges. The Task Group recommends that development costs be funded through a combination of system development charges and water rates. The recommended system development charge would be \$150 for a 5/8", meter with costs increasing as the size of meter increased.

Mr. Birch told the Board that the Task Group had spent a great deal of time on the wording of this recommendation. He also noted that he would like to bring to the Board's attention how very appreciative the members of the Task Group are to CAW staff for their support and assistance in researching this subject.

Mr. Waymack commented that CAW staff had worked diligently with the Task Group, that the staff was very forthcoming, and that he was proud to have served on this Task Group.

Ms. Dickey thanked Mr. Birch and Mr. Waymack for serving on the Task Group.

Mr. Wood commented that this was a very complicated issue and felt that the system development charge figure should be reviewed every year in order to ensure the charges were covering a partial cost of development, as was intended. He also stated that the largest increase in water usage over the last few years has been in irrigation systems. Mr. Wood felt that the opinion of the Task Group was that CAW should consider system development costs be supplemented by an increase in sprinkler rates, a non-essential optional use. The increase in sprinkler rates could be achieved through inclining block rates, rather than the current declining block rates. He also mentioned that CAW staff should stress conservation with its users. If we can lower consumption through conservation, we can postpone the need for a third water source.

Mr. Harvey explained that, at this time, there is a difference in wastewater billing between Little Rock and North Little Rock. This difference makes it difficult to change sprinkler rates.

Mr. Powell asked if the Task Group had addressed the issue of the needs of low-income families for assistance in paying their water bills. Mr. Harvey responded that the Task Group had looked at other utilities in Arkansas who had such programs. These utilities have had a good response on customer donations to this type of fund. Mr. Waymack mentioned that he had studied this for the Task Group and that Entergy pays a fee to a charitable organization to administer this fund. Ms. Dickey said that we would need to look at the related costs. Mr. Wood stated that he thought this type of fund was a great idea.

Returning to the discussion on System Development Charges, Dr. Rimmer asked if the \$150 fee applied to sprinkler meters. Mr. Pittman responded that sprinkler meters on the south side would not be included in this charge until the Little Rock Wastewater Utility billed these under a flat fee or winter fee. Once this was done, they would be included under the \$150 System Development Charge. Ms. Dickey stressed the need to be certain that SDC's and acreage fees would generate the required revenue needed to cover planned capital improvements. Mr. Wood stated he felt acreage fees did not cover the required costs for new development and that an agreement with developers to cover those costs was needed.

Mr. Wood asked CAW staff to prepare a report for the Board on a plan for water conservation that would include rate structure and would recognize the advantage of inclining rate blocks as opposed to declining rate blocks. He would also like a report on how landscape irrigation should bear a larger share in the cost of capital improvements. Mr. Harvey replied that a full summer's usage data would be needed to do this.

Ms. Dickey asked that the following items be addressed by CAW staff:

- A letter of appreciation be sent to Task Group members, CAW staff, and Dr. Joel Anderson, in particular, thanking them for the time, effort and careful attention they gave to the issues before them
- Prepare a resolution for approval by the Board on System Development Charges to be presented at a public hearing and to the cities for their approval
- Prepare a report to create a fund to assist needy families in the payment of their water bills

- Prepare a recommendation on water conservation and declining rate blocks.

Mr. Wilson made a motion, seconded by Mr. Powell, to send a letter of appreciation to task members and CAW staff for their participation in the different Task Groups. The motion was approved.

Mr. Kirsch reported that a resolution on SDC's was being prepared for presentation to the Board at the April Board Meeting.

Ms. Turbyfill made a motion, seconded by Ms. Williams, asking staff to prepare a report on the feasibility of a fund for needy families supported by voluntary contributions from consumers. The motion was approved.

Mr. Powell made a motion, seconded by Mr. Wood, asking staff to present to the Board a recommendation on water conservation in relation to irrigation. The motion was approved.

Mr. Wood asked to go on record in stating his opinion that SDC charges will be insufficient revenue for what it is intended.

Ms. Dickey addressed the concerns of master-metered customers in relation to SDC's. She acknowledges the desire of the communities to be in control of their own rate structure and feels it is important that the communities in Central Arkansas continue their spirit of cooperation.

Mr. Pittman addressed the Board regarding a billing insert policy for CAW. We have received a large number of requests from both governmental and non-governmental entities requesting the use of the billing insert and/or message block feature. Staff believes that, as a result of these requests, it is necessary to establish a Billing Insert/Message Block Policy. Mr. Pittman explained to the Board that it is staff's recommendation that use be restricted to its billing partners (UBS) and the cities of Little Rock and North Little Rock. Mr. Pittman went on to explain the requirements for the use of these services. Ms. Dickey noted that in the Billing Insert Policy Resolution, there was no mention of policy regarding the message block and asked that the resolution be amended to include those references. After further discussion and questions by Commissioners, Dr. Rimmer made a motion to approve the Billing Insert Policy, with the noted revisions. The motion, seconded by Ms. Williams, was approved.

Discussion on Commission Travel Policy was postponed until the April meeting, due to the unavailability of relevant materials.

Mr. Pittman reported to the Board the results of the RFP's for banking services. At this time, Ms. Dickey recused herself from the discussion. Mr. Pittman stated that future RFP's for banking services will be conducted on a five-year cycle. He explained that in order to create more efficient processes and take advantage of new banking innovations, consolidation of banking services is recommended. The selection committee conducted interviews with four banks and recommended CAW use USBank for all its banking services. Mr. Powell made a motion, seconded by Mr. Wood, to approve the use of USBank as recommended by staff. The motion was approved.

Mr. Harvey informed the Board that Mr. Pittman was a keynote speaker at an AWWA conference in Kansas City, Missouri earlier this month. Mr. Harvey received a call regarding Mr. Pittman's presentation. He was told that Mr. Pittman's presentation was "spectacular" and that Mr. Pittman had been asked to speak at another conference in May 2002. Mr. Harvey commented that Mr. Pittman is an excellent speaker and that attending one of his presentations is a wonderful experience.

Mr. Kirsch presented to the Board, for their review and approval, standard annual contracts for the purchase of water meters and fire hydrants. Mr. Wood asked what is done with old meters when they are removed. Mr. Kirsch responded that they are sold for scrap value. Ms. Williams made a motion, seconded by Ms. Turbyfill, to approve the purchase of hydrants and water meters.

The Board was asked to approve replacement of 10,600 lf. of 2" galvanized waterline that has deteriorated due to age and soil condition, with PVC pipe. Following discussion by the Board and staff, a motion was made by Mr. Powell to approve the replacement as recommended by staff. The motion, seconded by Ms. Williams, was approved.

Mr. Benton reported to the Board on replacement of the radio system equipment on the north side. This replacement, which can be done at intervals rather than all at once, provides more reliability than the previous equipment. It also allows radio communication between the north and south side, which was not possible before the replacements. Mr. Benton explained that CAW, by working with a former supplier, was able to replace the entire radio system at no cost to the utility.

Mr. Kirsch reported that CAW has sent a letter of support in response to the purchase of 3,900 acres by Land for Public Trust. Founded in 1972, the Trust for Public Land is the only national nonprofit working exclusively to protect land for human enjoyment and well-being. Land conservation is central to TPL's mission. This land is located near Lake Winona.

Mr. Morgan updated the Board on the following regionalism activities:

- The Army Corps of Engineers, which is conducting a water source study, is in the process of negotiating with Black & Veatch for engineering services.
- Water use projections for Jacksonville, Cabot and North Pulaski Water Association are being made in order to determine water system improvement needs. Mr. Wood recommended a goal be established for reduction in peak water usage so there is a target to work toward.
- Merger talks with North Pulaski Water Association are currently waiting for legal interpretation on CAW's ability to merge with another water entity. Another meeting with NPWA has been scheduled for 26 March 2002. Mr. Morgan stated he felt it was the intent of the NPWA Commission to continue working with us. This would affect future facility needs. Mr. Wood asked Mr. Morgan what would be the advantage to CAW to join with NPWA. Mr. Morgan responded that, on the north side of the river, CAW is hemmed in. Joining with NPWA would give us growth opportunity and extended customer base. Mr. Dickey asked Mr. Morgan where NPWA obtains their water now? Mr. Morgan responded that CAW provides them water as water for resale.
- New discussions with Woodland Hills on providing them with water have been initiated.
- The recent hesitancy shown by the City of Cabot and Sardis Water District to purchase water from CAW was based mainly on the uncertainty of SDC's. With this issue resolved, contract negotiations should be able to proceed. Mr. Powell asked if Cabot finds the \$150 SDC charge acceptable. Mr. Morgan responded they did.
- Malvern Water District asked to meet with CAW. Malvern Water District has proposed funding for a new source & treatment facility and is working with Saline County and the Water Users Association.

- Beebe has released preliminary water need projections for the next 20 years. There has been a lot of interest shown in the regional water concept.

Mr. Harvey distributed the proposed Travel Policy for Commissioners to the Board for their review.

After some discussion, the date for the Commission Retreat was set for 11 May 2002. Because of renovations that are currently underway, the May Board Meeting will be held at the Maryland Avenue Complex on 9 May 2002 at 2:00 p.m.

The Board of Commissioners went into Executive Session.

After resuming the regular meeting, the Board presented Mr. Harvey with a written job evaluation.

With no further business to discuss, Mr. Powell made a motion to adjourn the meeting. The motion, seconded by Dr. Rimmer, was approved. The meeting was adjourned at 4:45 p.m. on 14 March 2002.

ATTEST:

APPROVED:

Francille Turbyfill, Vice-Chair

M. Jane Dickey, Chair

Eddie Powell, Secretary/Treasurer

Thomas W. Rimmer, Commissioner

Claude Wilson, Commissioner

Craig Wood, Commissioner

Alma Williams, Commissioner

RESOLUTION 2002-02

A RESOLUTION TO ESTABLISH A POLICY CONCERNING THE
UTILIZATION OF UTILITY BILLING SERVICES' MESSAGE
BLOCK AND DOCUMENT INSERT FEATURES

WHEREAS, CENTRAL ARKANSAS WATER (CARKW) through its billing entity, Utility Billing Services, has the capabilities of customer messaging and document inserts in the monthly billing process; and

WHEREAS, the primary purpose of the features is to provide customers with important information about their basic services from CARKW and other entities for which CARKW processes monthly customer billing; and

WHEREAS, UBS partners may utilize the features for the dissemination of messages and information to their customers; and

WHEREAS, the cities of Little Rock and North Little Rock are Consolidation Agreement parties with CENTRAL ARKANSAS WATER; and

WHEREAS, CARKW recognizes the benefit that customers derive from basic municipal services information provided by City of Little Rock and City of North Little Rock entities.

THEREFORE, BE IT RESOLVED THAT the Board of Commissioners, CENTRAL ARKANSAS WATER, does hereby adopt a policy for utilization of the Message Block and Document Insert features of the monthly billing process by UBS partners and City of Little Rock and City of North Little Rock entities.

CERTIFICATE

I, Eddie Powell, Secretary of the Board of Commissioners, CENTRAL ARKANSAS WATER, certify, as such Secretary, that 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 a regular meeting held 14 March 2002.

Secretary

Minutes of a Regular Meeting
Board of Commissioners
CENTRAL ARKANSAS WATER

April 11, 2002

The Board of Commissioners, CENTRAL ARKANSAS WATER, convened in a regular meeting at 2 p.m., Thursday, April 11, 2002, in the Third Floor Board Room of the Capitol Avenue Complex, Little Rock.

Present were:

Ms. M. Jane Dickey, Chair
Ms. Francille Turbyfill, Vice-chair
Mr. Eddie Powell, Secretary/Treasurer
Ms. Alma Williams, Commissioner
Mr. Claude Wilson, Commissioner

Absent were:

Dr. Thomas Rimmer, Commissioner
Mr. Craig Wood, Commissioner

Also in attendance were:

Mr. James Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary Pittman, Director of Finance
Mr. Dale Russom, Director of Engineering
Mr. Jerry Boon, Controller
Mr. Dennis Yarbrow, Supervisor of Water Sources
Ms. Sherry Lippiatt, Communications Committee
Ms. Connie Horn, Management Secretary
Ms. Kathy Graves, Attorney, Wright, Lindsey & Jennings
Mr. Ken Anderson, Manager, Jacksonville Water Works
Mr. Jack Brashears, Garver Engineers
Mr. Mike Marlar, Marlar Engineering
Ms. Dani Conrad, The Communications Group
Ms. Lisa Block, The Communications Group
Ms. Leigh Quirk, The Communications Group
Ms. Rachel Hildebrand, Moore, Stephens, Frost
Mr. Larry Lichty, Little Rock City Board of Directors
Ms. Cindy Murphy, *Arkansas Democrat-Gazette*
Mr. Mitch Hasler, Lake Maumelle Patron

Ms. Dickey, Chair, called the April meeting of the Board of Commissioners, CENTRAL ARKANSAS WATER, to order.

Ms. Dickey asked for a motion to approve the Minutes of the March Board meeting. Ms. Turbyfill made a motion, seconded by Mr. Powell, to approve the minutes of the March meeting. The motion was approved.

Mr. Harvey informed the Board that Mr. Mitch Hasler had addressed the LRMWW Board in January of 2000 on the subject of trailer-launching on Lake Maumelle at Sleepy Hollow State Park. He has requested the opportunity to speak to CENTRAL ARKANSAS WATER'S Board of

Commissioners on this issue. Ms. Dickey asked Mr. Harvey to provide background on this to the Board. Mr. Harvey gave the Board a brief update on the history of this issue and then called on Mr. Hasler to address the Board. Mr. Hasler told the Board that the LRMWW Board had allowed a one-year trial period of trailer-launching on Lake Maumelle at Sleepy Hollow Park. He explained that because of low water levels on the river in 2000, a true determination could not be made on the impact of trailer-launching in that area. He would like to continue the trial period for trailer launching in the area.

After some discussion, Mr. Wilson made a motion, seconded by Mr. Powell, to authorize staff to work out details they deem appropriate and agreeable in accommodating lake patrons. The motion was approved.

Mr. Harvey indicated CAW would be agreeable hand-launching of trailers on at the designated area on Lake Maumelle, as long as the lake hours of operation remain unchanged. In January 2003, the situation will be reviewed for further action.

Ms. Rachel Hildebrand of Moore, Stephens, Frost, C.P.A. addressed the Board on the six-month audit of CENTRAL ARKANSAS WATER. She commended CAW staff for doing "a great job". After some discussion and questions by the Board, Mr. Powell made a motion to accept the audit as presented. The motion, seconded by Ms. Williams, was approved.

Ms. Dickey commented that she was very proud of the good job staff has done.

Ms. Crawford updated the Board on the communications program being conducted with the assistance of The Communications Group. Ms. Crawford explained that the focus is currently on more efficient communication, both internally and externally. Ms. Crawford played sample radio ads for the Board's review. Ms. Williams commended Ms. Crawford on the outstanding job done on these ads. Ms. Dickey expressed some concern on the aggressive approach the production of these ads indicate. Mr. Powell stated he felt the ads were informational and, therefore, good public relations. Ms. Dickey questioned how success of these ads would be measured. It was the consensus of the Board that the future focus should be on water education and communication.

The Board took a short break.

Mr. Kirsch presented to the Board a draft of the resolution on System Development Charges. He informed the Board that a public hearing on this resolution has been set for 6:00 p.m., May 6, 2002 at CAW's Clearwater Facility. Mr. Kirsch said that parts of this resolution would replace Resolution 2001-05. Mr. Powell made a motion, seconded by Ms. Turbyfill, to approve the resolution. The motion was approved.

Mr. Russom addressed the Board on an Aid in Construction Agreement between CAW and Entergy. This agreement provides CAW with the opportunity to install automatic transfer switches at Lake Maumelle Pumping Station. This will prevent an interruption of power in case of an emergency. Mr. Powell made a motion, seconded by Ms. Turbyfill to approve the Aid in Construction Agreement. The motion was approved.

Mr. Harvey told the Board that the LRMWW Board had only approved one-half of the 2001 contribution to the Greater Little Rock Chamber of Commerce. This request is to pay the remaining one-half year contribution for CAW. Ms. Williams made a motion, seconded by Mr. Powell to approve the contribution to the Greater Little Rock Chamber of Commerce. The motion was approved.

Mr. Kirsch reported to the Board on various contracts.

The first contract is to replace an 8" waterline in 4th St. with a 12" line. This project, though over the budgeted amount, is vital because of the age of the waterline. Money

for this project will come from a budgeted project that will not be done. The low bid was received from Diamond Construction in the amount of \$391,939.

The second contract was for the relocation of 260 lf. of 30" water transmission line and fittings due to severe erosion along the banks of the Arkansas River. Previous erosion control measures taken by Arkla Reliant Energy have not worked. This erosion has put the waterline in danger and, therefore, requires this project be addressed on an emergency basis. After negotiating with several contractors, we have accepted the low bid by All Star Construction in the amount of \$63,650. This amount is for construction only. Jim Harvey told the Board that CAW has been working with Mayor Hays of North Little Rock, the Corps of Engineers, Arkla/Reliant & Entergy toward achieving more permanent stabilization of the riverbank.

The third contract was for the construction of a new intake and pumps at Lake Maumelle. Mr. Kirsch stated that although this project was budgeted at \$7 million, CAW had received an excellent bid of \$6.733 million from Robinson Construction, Perryville, Missouri. This project will increase capacity and, therefore, qualifies for Reserve Fund monies.

Mr. Powell made a motion, seconded by Ms. Williams, to approve the three contracts. The motion was approved.

Mr. Kirsch reported to the Board that CAW had received a request from SW Bell to lay a fiber optic cable over a 39" waterline. He explained that these requests are commonplace and recommended approval. Ms. Williams made a motion, seconded by Ms. Turbyfill, to approve the request by SW Bell. The motion was approved.

Mr. Morgan updated the Board on regionalism activities.

The firm of Black & Veatch has been awarded the engineering contract for the water source study that is being done by the Corps of Engineers. This study will start on April 19 and should take 150 days to complete.

In the last month, Mr. Morgan has met with representatives from Jacksonville and Cabot regarding the waterline that will run across the north part of our system and serve these cities. The involved parties will pay a proportionate amount to run this line.

Merger talks with North Pulaski Water Association centered on the sharing of legal costs. They are trying to determine if a merger between the utilities can be done under existing state law.

Saline County is revisiting the 1996 engineering source of water study that was done for Saline County. Jim Harvey commented that Saline County has asked UALR to do a water study for them.

Mr. Morgan addressed the Board on the opportunity to purchase 80 acres of land located near Lake Maumelle. This land currently has two houses on it. CAW policy has been to acquire land within the Lake Maumelle watershed area when it becomes available. Through Mr. Yarbro's continuing interest in the protection of the watershed, we were able to make a quick proposal for purchase of this property.

Ms. Williams asked if there was any other land around this property that already belonged to CAW. Mr. Harvey replied that this property abuts property currently owned by CAW.

Ms. Dickey asked if the two houses on this property could be sold and moved. Mr. Harvey responded that was the usual procedure.

Mr. Wilson made a motion, seconded by Mr. Powell, to approve the purchase of 80 acres located near Lake Maumelle. The motion was approved.

Ms. Dickey distributed copies of a proposed Travel Policy for Commissioners to the Board. After review of the policy, Mr. Powell made a motion to adopt the travel policy. The motion, seconded by Ms. Williams, was approved.

Mr. Harvey suggested that since travel outside the state requires Board approval, the Board should approve attendance at the annual AWWA Conference in New Orleans in June 2002. Ms. Turbyfill made a motion, seconded by Ms. Williams, to approve attendance at the annual AWWA Conference. The motion was approved.

LRMWW Board of Commissioners had previously approved the purchase of the Paragon building with Little Rock Wastewater Utility participating in one-half the cost. Since then, LRWU's plans to participate in renovations plans have been delayed. If LRWU decides not to participate in the renovations of the Paragon building, there are several options on the disposition of the building, one of which is to sell the building. Mr. Harvey has been assured by LRWU that their Board would make a decision this month on whether or not to participate in these renovations. CAW should be able to report to the Board on LRWU's decision next month.

Dale Russom reported to the board on an Aid in Construction agreement in the amount \$250,000 for the Mountain Crest project that was entered into with the North Little Rock Water Department. An up-front payment of \$65,000 was made, with the remainder payable when water became available to the area. Water has been available to the area for some time, but change in partnership with the developers and lack of funds has caused delays in payment of the remainder of funds due. We have recently met with the developers this week and have been assured that, with new partners involved and funding now available from the Bank of the Ozarks, the money due will be forthcoming. Ms. Williams asked what the total due was. Mr. Kirsch reported the amount was approximately \$162,000.

Mr. Harvey reported to the Board that he has discussed with the Pulaski County Judge CAW's desire to put a waterline on the pedestrian bridge that will be constructed along Murray lock and dam. He was told CAW's cost to reinforce the bridge enough to support a transmission line, would not exceed \$1.4 million. Mr. Harvey told the Board that this cost is extremely reasonable when a previous water study estimated it would cost approximately \$20 million to tunnel a transmission line under the Arkansas River. Mr. Powell stated that the funds would come from the Reserve Trust Fund. Mr. Harvey stated that the fund would come from the 2003 and 2004 budget and that CAW will look to the communities that would benefit from this line to pay their fair share of the cost of running it across the river. Mr. Russom added that would be communities such as Jacksonville, Cabot, NPWA, etc. In response to Mr. Powell's question as to the time frame for this project, Mr. Harvey responded it would take approximately 18 months. Ms. Dickey commented that she thought this was a great deal for CAW.

CAW held a public hearing and formed a task group to consider proposed changes to the Rules and Regulations for Lake Maumelle and Lake Winona. Mr. Kirsch reported to the Board that comments from the public hearing and recommendations from the task group were taken into account when considering these changes. Staff attempted to make the rules and regulations as concise and clear as possible, while working within the current rules. Legal counsel has reviewed the rules and regulations, and advised changes have been made. Ms. Dickey commented that she found many of the rules confusing and the terminology inconsistent. Many of the rules are out-of-date. She offered to look at the rules and attempt to make them more concise and clear. The Commission requested the staff bring a revised set of rules and regulations to the next meeting.

Discussion on the upcoming Commission Retreat focused on the format of the meeting. Ms. Dickey stated that, rather than use time at the retreat for departmental reports, she would prefer to hear these reports at the monthly Board meetings. Each month a different department could present a report to the Board. Mr. Harvey stated that there are a lot of major projects coming up and he feels the Board needs to be informed of these projects.

Mr. Wilson commented he felt it was important the retreat be used to determine what is expected from each Commissioner and what part the Board needs to play in the daily operations. He stated he felt the Board meetings were running longer than necessary. He also stated he would like to see the retreat result in an agreement of what needs to be done to make for a better Board of Commissioners.

Ms. Williams commented she felt Commission retreats are important and should be held annually. She also stated that the AWWA Public Officials Summit she attended last fall was an excellent opportunity to learn more about different commissions and what they do. She felt all CAW Commissioners should try to attend the summit next year.

Mr. Powell voiced his opinion that he would prefer departmental reports be presented at some other time so the retreat could focus on the work of the Commissioners.

Mr. Harvey informed the Board he had an item to report on that was not on the agenda. He stated he had just that day received a request from Jacksonville Water Works regarding their contract. According to their contract, they are required to take three million gallons of water per day. They would like to reduce that figure to 1.5 million gallons of water per day. Ms. Williams asked if there was a reason for this request and how this request would affect CAW's revenue. Mr. Harvey responded that Jacksonville would like to use their wells more. This would result in an annual reduction in revenue derived from Jacksonville of \$500,000.

With no further business to discuss, the meeting was adjourned at 4:40 p.m., April 11, 2002

ATTEST:

APPROVED:

M. Jane Dickey, Chair

Francille Turbyfill, Vice-Chair

Eddie Powell, Secretary/Treasurer

Thomas W. Rimmer, Commissioner

Claude Wilson, Commissioner

Craig Wood, Commissioner

Alma Williams, Commissioner

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

May 9, 2002

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m., Thursday, May 9, 2002, in the Conference Room of the Maryland Avenue Complex. The location of the complex is 1500 West Maryland Avenue in North Little Rock, Arkansas.

Present were:

Ms. M. Jane Dickey, Chair
Ms. Francille Turbyfill, Vice-Chair
Mr. Eddie Powell, Secretary/Treasurer
Dr. Thomas Rimmer, Commissioner
Ms. Alma Williams, Commissioner
Mr. Claude B. Wilson, P.E., Commissioner
Mr. Craig Wood, Commissioner

CAW staff in attendance were:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary P. Pittman, Director of Finance & Customer Service
Mr. Dale W. Russom, P.E., Director of Engineering
Mr. Dale Kimbrow, Planning Manager
Mr. Dennis Taylor, P.E., Senior Engineer
Ms. Connie Horn, Management Secretary
Ms. Kathy Graves, Attorney for CAW

Also in attendance were:

Councilman Odis Waymack, City of Cabot
Mr. David Langstaff, Assistant Water Manager for City of Cabot
Mr. Sam E. Childs, Owner of Childs Mechanical Construction, Inc.
Mr. Don Glisson, Project Manager for Childs Mechanical Construction, Inc.
Mr. Jim Malcolm, Vice President of FTN Associates, Inc.
Mr. Kirby Rowland, P.E., Vice President of Garver Engineers
Mr. Dale Aclin, Vice President of Stephens, Inc.
Mr. David Knight, Executive Vice President/Chief Legal Counsel for Stephens, Inc.
Mr. Tim Daters, P.E., President of White-Daters & Associates
Dr. Joe Nix, Consultant to the developer of Alotian Golf Course
Mr. Hunter Speed, Silviculturalist, Jessieville/Winona Ranger District of the U.S. Forest Service
Ms. Cindy Murphy, Little Rock City Government Reporter for the *Arkansas Democrat-Gazette*
Ms. K. J. Longley, Reporter with *The Times* of North Little Rock

Ms. M. Jane Dickey, Chair, called to order the May 9, 2002, meeting of the Board of Commissioners, Central Arkansas Water. She then called for a motion to approve the Minutes of the April 11, 2002, meeting of the Board. Commissioner Craig Wood brought to the Board's attention the need to correct typographical errors in the Minutes. Mr. Eddie Powell, Secretary/Treasurer, made a motion to approve the minutes with the noted corrections.

Commissioner Claude B. Wilson, P.E., seconded the motion. With the motion duly made and seconded, the Board approved the Minutes with the corrections.

Mr. Jim Harvey, Chief Executive Officer of CAW, made a special presentation to Mr. Steve Morgan, who recently received the Glen T. Kellogg Water & Wastewater Hall of Fame Award from the Arkansas Water Works & Water Environment Association (AWW & WEA). Because of a prior commitment, Mr. Morgan was unable to attend AWW&WEA's Annual Conference, Short School and Expo in April and asked Mr. Harvey to accept the award on his behalf. Mr. Harvey explained to the Board that water industry colleagues selected Mr. Morgan for the honor, which is the most prestigious service award given by the state association.

Mr. Bruno Kirsch, Jr., P.E., reported to the Board that approximately 25 people attended a May 6, 2002, public hearing on the revised Schedule of System Development Charges and Capital Investment Charges (Resolution 2002-03). He noted that the hearing was the second, with CAW having held the first on November 28, 2001. He said that, as a result of public comments at the May 2002 public hearing, staff was recommending revisions to language concerning considerations for low-income families in regard to System Development Charges. After some discussion, the Board decided the change would require another public hearing. Commissioner Thomas Rimmer made a motion for the Board to adopt Resolution 2002-03, without the amendment on the low-income provision, then at a later date amend the resolution to include the low-income provision once the Board has presented it at a public hearing. Commissioner Powell seconded the motion. With the motion duly made and seconded, the Board approved the motion. The Board instructed staff to publish notice of the public hearing at the earliest possible date.

Mr. Dale W. Russom, P.E., Director of Engineering, told the Board that Mountain Crest, L.L.C., the developers of Mountain Crest subdivision were to have delivered to CAW a schedule for completion of the developers' obligations in an aid-in-construction contract but had not done so. (The Mountain Crest Project is a proposed residential development north of the Arkansas River near Palarm Creek.) Mr. Russom said utility staff had been in contact with project developers but was not ready to recommend legal action at this time.

Mr. Morgan provided the following report on the regionalism issues:

- Entities participating in the Supplemental Water Source Study held their first meeting in September of last year to define the project scope. Mr. Morgan reported that the consultant, Black & Veatch Corporation, is reviewing studies conducted by Little Rock Municipal Water Works (LRMWW) and the North Little Rock Water Department (NLRWD) during the past 25 years. He said he expects a status report on the ongoing study in approximately 45 days. Further, he stated that the target completion date is October 8, 2002.
- CAW and Sardis Water Association staffs within the last month have revised a draft service contract.
- Negotiations between CAW and the City of Cabot are on-going. Cabot Councilman Odis Waymack said he anticipates that the Cabot City Council will call a special meeting within the next 30 days for the signing of a letter-of-intent for CAW to provide service to the City of Cabot.
- There had been no communication with the North Pulaski Waterworks Association during the past month regarding a merger proposal.

- The appraisal of 80 acres of land in the Lake Maumelle Watershed was approximately \$20,000 more than CAW's offer (\$250,000 in comparison to \$270,000. At the April 2002 meeting, the Board authorized staff to negotiate the acquisition of the property from Mr. Eugene Newsom, as part of the utility's efforts to protect the water quality of the lake. The location of the property is west of Arkansas 113 and north of Arkansas 10 at the western end of the lake). Mr. Morgan mentioned the possibility of purchasing two additional parcels of land (total of 160 acres) at the western end of the lake and told the Board that he would have more information at the June 2002 meeting of the Board. Commissioner Wood asked Mr. Morgan to provide information as soon as possible on the additional parcels so the Board will have adequate time to study the proposed property acquisition.

Mr. Hunter Speed, District Silviculturalist with the Jessieville/Winona Ranger District of the U.S. Forest Service (USFS), updated the Board on management activities in the Lake Winona Watershed. He stated that the Forest Service would submit information on its environmental assessment to CAW and there would be no action taken regarding timber harvesting for at least a year.

Mr. Harvey informed the Board that the USFS owns and manages the vast majority of the Lake Winona Watershed and that the water utility and Forest Service have a Cooperative Use Agreement for the Lake Winona area. He said that each year the CAW Board and USFS officials have a joint meeting to discuss issues related to the management of the watershed. (The Use Agreement provides for protection of the water reservoir and provides the utility with control over land-uses within the watershed.)

Mr. Harvey explained to the Board that LRMWW and NLRWD, as separate utilities, had different billing policies for sprinkler accounts during off-season irrigation months. He said that in an attempt to create a uniform billing procedure in April, CAW billed customers north and south of the Arkansas River for the Minimum Monthly Charge even if there was no usage. (Under the former utilities, NLRWD did not bill the monthly minimum to customers who had no water usage on their sprinkler meters during the months of November through March. LRMWW billed the monthly minimum unless a customer requested the de-activation of the account during the off-season months.) Mr. Harvey explained that the minimum charge is for service availability and maintenance. He said he had received a tremendous number of complaints by telephone from north-of-the-river customers. He said the ultimate decision on whether to charge the monthly minimum on active accounts during off-season months would have a significant revenue impact on CAW. Following a discussion among Board members and utility staff on the various options, Commissioner Powell questioned whether other utilities charge for availability of service when there is no consumption. He asked Mr. Gary P. Pittman, Director of Finance & Customer Service, to check with the other utilities on their policies. The Board did not act on the issue, pending staff's review of the various options and the policies of other utilities.

Mr. Dale Kimbrow, Planning Manager, addressed the Board on the issue of cross-connection control/backflow prevention. Mr. Kimbrow presented an Arkansas Department of Health document verifying that NLRWD in 2000 and LRMWW in 2001 had cross-connection control programs that were "in order". Following discussion of the required testing of backflow prevention assemblies and whether CAW may appeal the Arkansas State Plumbing Code's requirement for annual testing, Commissioner Wood requested that Engineering Department staff follow up on the Board's questions.

Mr. Harvey told the Board that CAW is working to educate the public on the issue of backflow prevention and the possible contamination of the water system that can result without

adequate cross-connection control requirements in place. Ms. Dickey thanked Mr. Kimbrow for the update.

Ms. Dickey recused herself from discussion on the next item: A planned golf course on private property within the Lake Maumelle Watershed just south of Jolly Roger's Marina. Mr. David Knight, Executive Vice President/Chief Legal Counsel for Stephens, Inc., addressed the Board on the proposal. Mr. Harvey told the Board that at this meeting staff was not seeking Board approval to allow the development. He said the presentation strictly was for informational purposes and to give the Board time to study the request.

Mr. Knight told the Board that the Alotian Golf Course will have a limited membership and its developers consider the project from an environmental perspective to be a low-density and low-impact land use. Mr. Knight presented the following information for the Board to consider in regard to the development of the golf course:

- In order to avoid erosion problems, the developer hopes to complete project work that will disturb the soil before the rainy season in the fall months of the year.
- The golf course will not pump water out of Lake Maumelle.
- The developer plans to use 150 of the available 875 acres. The remaining acres will be left in as natural of a state as possible.
- The developer will give particular attention to erosion control.
- The golf course will be of a "closed system" design, with the construction of a series of lakes and reservoirs to catch runoff and to use for the irrigation of the course.
- The developer will use the guidelines of the U.S. Golf Association and Arkansas State Plant Board for the control and monitoring of chemical applications.
- There will be monitoring of the water quality of the runoff, lakes, and reservoirs, with annual submittals on the results to CAW.
- The developer will install a fully-licensed wastewater treatment program. The temporary system will handle wastewater disposal until access to the Little Rock Wastewater Utility system is available. The developer has acquired additional property to pump treated wastewater to an area outside the Lake Maumelle Watershed.

Dr. Joe Nix, speaking as a consultant for the golf course developer, emphasized the common-sense management practices that developers will utilize to prevent soil erosion. In response to questions from Commissioner Wood, Dr. Nix reiterated Mr. Knight's statement that there would be monitoring of water quality and that qualified personnel utilizing accepted procedures would conduct the monitoring. Dr. Nix also stated that CAW would be welcome to conduct its own monitoring of water quality.

Commissioner Wood voiced concerns about runoff and erosion during construction. Mr. Tim Daters, P.E., President of White-Daters & Associates, informed the Board that permits required by the U.S. Army Corps of Engineers and Arkansas Department of Environmental Quality (ADEQ) would regulate construction procedures. He further stated that if difficulties arise, there is a "permit to discharge during construction" provision in the state regulations.

Commissioner Claude B. Wilson, P.E., inquired about the long-term plans for the remaining acreage. Mr. Dale Aclin, Vice President of Stephens, Inc., stated that the seller of the land stipulated that no development other than the golf course could take place for 20 years.

Mr. Harvey assured the Board that the agreement CAW and the developers of Alotian Golf Course were negotiating would be very detailed and would cover all of the concerns mentioned by the Board.

Mr. Knight presented to the Board a draft "Memorandum of Understanding" stating the developers would abide by the terms of the plan, as stated. He also requested that:

- CAW not condemn the property
- CAW provide easements for access roads
- Alotian Golf Course be allowed to connect to CAW water mains (connection would require the installation of a water line by the developer)
- CAW provide easements for utilities

Commissioner Wood inquired as to whether there would be fencing and gates around the proposed easements. Mr. Knight responded that there would be fencing around all access easements, with access gates in place, as needed. Mr. Knight also said developers would construct, improve, and maintain the access roads.

Commissioner Powell asked Mr. Harvey whether utility staff had concerns regarding the construction of the golf course. Mr. Harvey told the Board that he has met with representatives from Alotian Golf Course since January to work out the concerns of staff and address the concerns in the development and management plan.

Mr. Knight thanked the Board for its time and consideration. He reiterated that the golf course developers are willing to abide by the terms of the agreement of CAW and would work with utility staff in every way possible.

At this point, Commissioner Alma Williams had to leave the meeting due to a prior obligation.

Mr. Harvey reported to the Board that CAW is working with several entities to stabilize the Arkansas Riverbank along Interstate 430 where a 30-inch-diameter transmission main lies. He said that with the participation of the other entities, who include the U.S. Army Corps of Engineers, our cost on the project would decrease dramatically. He said expectations are that the cost would decrease to \$8,000 from the original \$50,000 estimate.

Mr. Dennis Taylor, P.E., reported to the Board on a cost overrun for water utility relocations for the Asher Avenue street widening project. He explained that the street widening project by the Arkansas Department of Highway & Transportation required the relocation of utilities along Asher Avenue between South University Avenue and Stagecoach Road. He said Engineering Department staff based the relocation cost estimate on the site plan provided by the Highway Department; however, due to incomplete information, narrow rights of way, and structural obstacles, the actual cost has exceeded the estimate. Further, he stated that due to the unexpected conditions, the project has taken longer than utility staff had anticipated. In consideration of the unexpected conditions, he said staff was requesting approval for an extension of contract completion time and a \$396,114.98 increase in the contract amount. He said utility staff has negotiated with the contractor a reduced unit price for trenching and trench support. He said the increased amount for completion brings the total project cost to

approximately \$1,235,900. He said upon the completion of the work, utility staff would prepare a reconciliation change order to reflect the actual project cost. Mr. Harvey told the Board that the utility would have to delay several projects to cover the funding for the completion for the Asher Avenue project.

Mr. Sam Childs, Owner of Childs Mechanical Construction, Inc., told the Board that the biggest problem in this project has been the depth required for the installation of certain segments of the water mains and the number of obstructions. Mr. Russom said Childs Mechanical has done a good job, so far, on the relocations. Commissioner Wood offered a motion, seconded by Commissioner Powell, to approve the cost increase and time extension. With the motion duly made and seconded, the Board approved the staff request.

Mr. Harvey distributed to Board members for their review a rate survey of various cities in Arkansas.

With no further business to discuss, the Board adjourned the meeting at 5:00 p.m.

ATTEST:

APPROVED:

M. Jane Dickey, Chair

Francille Turbyfill, Vice-Chair

Eddie Powell, Secretary/Treasurer

Thomas W. Rimmer, Commissioner

Claude Wilson, Commissioner

Craig Wood, Commissioner

Alma Williams, Commissioner

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

June 13, 2002

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2:00 p.m. Thursday, June 13, 2002, in the Conference Room of the Maryland Avenue Complex. The location of the complex is 1500 West Maryland Avenue in North Little Rock, Arkansas.

Present were:

Ms. M. Jane Dickey, Chair
Ms. Francille Turbyfill, Vice Chair
Mr. Eddie Powell, Secretary/Treasurer
Dr. Thomas W. Rimmer, Commissioner
Mr. Claude B. Wilson, P.E., Commissioner
Mr. Craig S. Wood, Commissioner

Absent was:

Ms. Alma Williams, Commissioner

CAW staff in attendance were:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Gary Hum, Director of Source & Treatment
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary Pittman, Director of Finance & Customer Service
Mr. Dale W. Russom, P.E., Director of Engineering
Mr. Jos Bell, Engineering Assistant IV
Ms. Connie Horn, Management Secretary
Ms. Kathy Graves, Attorney for CAW

Also in attendance were:

Mr. Ken Anderson, General Manager of Jacksonville Water Works
Mr. Marc Wilkins, Assistant Director of North Little Rock Wastewater Utility
Mr. Kirby Rowland, P.E., Vice President of Garver Engineers
Mr. Dale Aclin, Vice President of Stephens, Inc.
Mr. David Knight, Executive Vice President/Chief Legal Counsel for Stephens, Inc.
Dr. Joe Nix, Consultant to Stephens, Inc., on Alotian Golf Course Development
Mr. Mark McBryde, Executive Vice President/Public Finance for Stephens, Inc.
Ms. Bobbi Nichols, Vice President/Public Finance for Stephens, Inc.
Mr. Dan Cowling, President of The Communications Group
Ms. Dani Conrad, Account Executive for The Communications Group
Ms. Leigh Quirk, Senior Account Planner for The Communications Group
Ms. Nancy Dockter, Reporter for *North Pulaski Leader*
Ms. K.J. Longley, Reporter for *The Times* of North Little Rock
Ms. Cindy Murphy, Little Rock City Government Reporter for *Arkansas Democrat-Gazette*
Mr. Warren Watkins, Editor of *Sherwood Voice*

Ms. M. Jane Dickey, Chair, called to order the June 13, 2002 meeting of the Board of Commissioners, Central Arkansas Water. She then called for a motion to approve the Minutes

of the May 9, 2002 meeting of the Board. Ms. Francille Turbyfill, Vice Chair, brought to the Board's attention the need to correct the spelling of the name of Mr. Dale Aclin, Vice President of Stephens, Inc., on Page 4 of the Minutes. Upon a motion duly made by Vice Chair Turbyfill and seconded by Mr. Eddie Powell, Secretary/Treasurer, the Board approved the Minutes with the correction.

The next item on the agenda was the re-appointment of Ms. Alma Williams, Commissioner. (Ms. Williams drew for a one-year term on the Board in July 2001. Her term expires June 30, 2002.) Mr. Craig Wood, Commissioner, nominated Commissioner Williams for a full seven-year term. By a unanimous vote, the Board appointed Commissioner Williams to a seven-year term to expire June 30, 2009. (The appointment requires confirmation by the Little Rock Board of Directors and North Little Rock City Council.)

With the terms of Board officers also due to expire June 30, 2002, Board members elected the following officers for 2002-2003:

Vice Chair Francille Turbyfill – Chair

Commissioner Craig Wood – Vice Chair

Commissioner Alma Williams – Secretary/Treasurer

Ms. Marie A. Crawford, Director of Communications, reported to the Board that with CAW's being halfway through the planning and research process for an enhanced program of internal and external communications and soon to begin an interim phase, it was an ideal time for a program update. She introduced the following representatives from The Communications Group, CAW's communications consultant: Mr. Dan Cowling, President; Ms. Dani Conrad, Account Executive; and Ms. Leigh Quirk, Senior Account Planner. Ms. Crawford further told the Board that the communications strategy reflects suggestions from the Board and employees.

Mr. Cowling reiterated the three primary goals of the communications program: 1) to build on existing communications; 2) to communicate more effectively with targeted audiences; and 3) to communicate CAW's future plans. He also told the Board that, so far, the consultant and utility staff have gathered information from customers through public hearings and Board meetings and completed an employee opinion survey. He said the current work plan includes an upcoming customer opinion survey, educational radio spots, and a communications audit, which will involve an analysis of every mode of communications CAW utilizes internally and externally. Mr. Cowling said another major step would be an intensive planning session that would determine the focus and methods of the overall communications plan. He said the target month for the planning session is August 2002. He also shared that follow-up surveys would be a primary method of determining program effectiveness.

Ms. Quirk informed the Board that the target completion time for the customer opinion survey is pre-July 4, 2002, and Ms. Conrad played the eight educational radio spots the consultant and utility staff has developed.

Mr. Jim Harvey, Chief Executive Officer, asked the Board members whether they would like to proceed with the schedule of radio spots, as an interim effort. Upon a motion duly made by Commissioner Powell and seconded by Dr. Thomas W. Rimmer, Commissioner, the Board approved a resolution in support of the communications work plan and interim component.

Mr. Jos Bell, Engineering Assistant IV, presented to the Board a proposal for CAW to take over management of the Pulaski Area Geographic Information System (PAgis) on a temporary basis. Mr. Harvey explained that the PAgis Board of Directors, in response to concerns voiced by member agencies regarding management and performance, has asked CAW to take on the

management of the electronic information system. (PAGis is a computerized system of data on land details in Pulaski County, i.e., the location of utility installations, typography, streets, buildings. It aids in the planning and design of future facilities and the maintenance of existing facilities. Participating members are CAW, Little Rock Wastewater Utility, the City of Little Rock/Little Rock Department of Public Works, the City of North Little Rock, North Little Rock Wastewater Utility, and Pulaski County Government). Mr. Bell stated that if the CAW Board approves the recommendation, he would act as the liaison between CAW and PAGis. Chair Dickey asked whether the final terms of the agreement between PAGis and CAW would come before the CAW Board. Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer, responded that participating agencies would draft an inter-local agreement and that once CAW's legal counsel has reviewed the document, staff would present it to the CAW Board. He said he expects to present a draft agreement to the CAW Board in July 2002.

Mr. Marc Wilkins, Assistant Director of the North Little Rock Wastewater Utility, confirmed that member agencies are concerned about the quality of PAGis services. He further stated that member agencies believe that by narrowing the focus of PAGis and having CAW manage the system, the performance and quality of data will improve.

Mr. Harvey reiterated that CAW's management of PAGis would be on an interim basis and member agencies would monitor how well PAGis functions under CAW. He also noted that the PAGis Board would continue to govern the overall program.

Upon a motion duly made by Commissioner Wood and seconded by Commissioner Powell, the Board approved staff's recommendation for CAW to take over the management of PAGis on a temporary basis and to re-evaluate the arrangement within six months to one year.

Mr. Gary Pittman, Director of Finance & Customer Service, introduced Mr. Mark McBryde and Ms. Bobbie Nichols, Executive Vice President and Vice President, respectively, of Public Finance for Stephens, Inc. to provide an update on the upcoming CAW bond issue for capital improvements. (Stephens, Inc. is CAW's financial advisor on the bond issue.)

Mr. McBryde informed the Board that he has worked with CAW staff in preparation for the issuance of the bonds. He said the water utility received seven responses to a Request for Proposals (RFPs) for bond trustee services. He also said Moody's Investors Service will be the rating agency and staff's recommendation was for Metropolitan National Bank of Little Rock to be the bond trustee.

Chair Dickey inquired about steps being taken to ensure the best possible rating from Moody's. Ms. Nichols responded that Stephens, Inc. is working with utility staff to clear up questions and/or concerns Moody's may have and that Stephens, Inc. is preparing a booklet explaining the uniqueness of CAW and the structure and governance of the utility.

Chair Dickey inquired as to the amount of the bond issue. Mr. McBryde stated that the initial bond issue is expected to be for \$20 million and said the utility would expend the revenues within the allowed three-year time frame. In response to a question from Commissioner Wood about the maturity schedule for the bonds, Ms. Nichols stated that the term was yet to be determined but probably would be 20 years or 25 years.

Upon a motion duly made by Commissioner Rimmer and seconded by Vice Chair Turbyfill, the Board adopted a resolution naming Metropolitan National Bank, as trustee for the bond issue, and authorizing the Chief Executive Officer and Director of Finance & Customer Service to proceed with the issuance of the bonds.

Chair Dickey recused herself from discussion on the next item: The proposed development of Alotian Golf Club within the Lake Maumelle Watershed. (At the May 2002 Board meeting, representatives of the Alotian Golf Club presented plans for a golf course on private property

within the lake's watershed just south of Jolly Roger's Marina.) Mr. Kirsch distributed to the Board a Memorandum of Understanding (MOU) CAW staff and the developer had negotiated. In response to concerns voiced previously by Commissioners, Mr. Knight reported to the Board that FTN Associates, Inc. will provide qualified testing and monitoring of water quality.

Commissioner Wood asked that the MOU include wording that would require representatives of Alotian Golf Club to submit in writing all land-use changes or activities that potentially could alter the water quality of Lake Maumelle.

Upon a motion duly made by Commissioner Wood and seconded by Mr. Claude B. Wilson, Commissioner, the Board approved the MOU with the amendment requiring written notification on all land-use changes and activities that could alter water quality.

After a short break in the meeting, Chair Dickey introduced Mr. Gary Hum, Director of Source & Treatment. Mr. Hum presented an overview of the department's facilities, regulatory requirements, past year's accomplishments, and future challenges. Following Mr. Hum's presentation were comments and questions from the Board on the numerous modifications at the Jack H. Wilson Water Treatment Plant and the effects the improvements had on water quality.

Mr. Harvey told the Board that Mr. Hum each year attends the American Water Works Association's Annual Water Quality & Technology Conference to keep abreast of regulatory requirements and technological advancements. Commissioner Rimmer commented that Mr. Hum's report was very informative. Chair Dickey also commended Mr. Hum for a very informative and helpful presentation.

Staff presented and, upon a motion duly made by Commissioner Powell and seconded by Commissioner Wood, the Board approved the following:

- A request from Mr. And Mrs. Don Moreland for a permit to use a CAW roadway to access their residential property north of Lake Maumelle
- CAW's participation in the installation of water mains to eliminate deficiencies in fire service flows in Sandalwood Subdivision in North Pulaski County (Batesville Pike area)
- A contract with Dougan Asphalt Paving Company for paving and curb improvements at the Wilson Plant
- A backhoe purchase/repurchase agreement with Warrior of Arkansas, Inc.

Mr. Steve Morgan, Director of Regionalism & Future Water Source, informed the Board that Mr. Harvey had closed on the purchase of 80 acres of land within the Lake Maumelle Watershed (The Board approved the acquisition at the April 2002 Board Meeting.) Mr. Morgan also updated the Board on a 160-acre tract located at the western end of the lake. He reminded the Board that there has been a long-standing commitment to protect the water quality of Lake Maumelle by purchasing watershed property when it becomes available. He said Ms. Dorothy Pearson, owner of the 160-acre tract, is anxious to sell but wants to retain the right to live on the property for the remainder of her life (lifetime estate). Mr. Morgan emphasized that, if CAW agrees to the terms of the purchase, no property rights would pass to Ms. Pearson's heirs and there would be restrictions on activities that could potentially impact water quality in the lake. He reported the appraised value of the property is \$576,000 and the property owner is asking for \$610,000. He stated CAW staff was requesting authorization to make an offer on the property and negotiate the value of a lifetime estate. Mr. Morgan also told the Board that if CAW does not purchase the property, it likely would be developed for residential housing. Mr. Harvey said the utility could cover the land purchase by delaying the construction of a new operations building for the Distribution Department at

the Maryland Avenue Complex. Commissioner Wood said he had no concerns about the lifetime estate request but asked how the purchase would affect CAW's cash flow. Mr. Pittman responded that the acquisition was an eligible expenditure from bond proceeds.

Commissioner Wood asked whether other properties within the Lake Maumelle Watershed would be available for purchase in the near future. Mr. Morgan responded that there was and that Mr. Harvey would address this in his briefing to the Board later in the meeting. Upon a motion duly made by Commissioner Powell and seconded by Commissioner Wood, the Board authorized CAW staff to negotiate the purchase of the 160-acre tract.

Mr. Morgan updated the Board on the following regionalism activities:

- The Water Committee is working on a recommendation for a letter of intent to go before the Cabot City Council for CAW to supply water to the City of Cabot. Mr. Morgan reported he would be meeting with two aldermen from Cabot on Monday, June 17, 2002.
- Contract negotiations with Sardis Water Association are on hold until the University of Arkansas at Little Rock (UALR) completes a water study for Saline County and water user groups re-visit a 1996 study on the utilization of Lake Ouachita as a cooperative source for all of Saline County.
- Legal counsel for the North Pulaski Waterworks Association (NPWA) has suggested that legislation is necessary for the association to convey assets to CAW, as part of a merger. Chair Dickey told the Board she had talked with Mr. Bill Driggers, Vice Chairman of the NPWA Board of Directors, and Mr. Driggers had told her NPWA has talked with Mr. John Paul Capps of Searcy, a candidate for District 39 of the Arkansas Senate, about the sponsorship of permissive legislation. Mr. Harvey told the Board he has asked the NPWA attorney to contact Ms. Kathy Graves, CAW legal counsel, to discuss proposed legislation. Chair Dickey said Mr. Driggers voiced the following as NPWA Board priorities: 1) protection of the users/owners of the water system and assurance of the most reasonable rates for customers, 2) job security for current NPWA staff in the event of a merger, and 3) providing quality service to the association's area.
- Participating municipalities/water user groups anticipate a progress report on June 27, 2002 from Black & Veatch Corporation, the engineering consultant for the Supplemental Water Study for Central Arkansas.
- Saline County water user groups have asked UALR to assist with a water source study. Mr. Morgan said the study should not take long because UALR will use the results of previous studies in determining the best solution for Saline County's water concerns. He said UALR is requesting all involved parties agree to the terms set for conducting the water study and there be no further litigation until the completion of the study. He said Saline County officials are trying to get all parties involved to sign up for the new study.

Mr. Harvey reported to the Board on the following items:

- He said he had spoken recently with Mr. Jim Hillis, Vice President-Retired of Human Resources Development for ALLTEL Corporation. Mr. Harvey said Mr. Hillis is very enthusiastic about taking a look at the integration/merger accomplishments and reporting his conclusions to the Board. (Mr. Hillis advised Little Rock Municipal Water Works and North Little Rock Water Department staff on the integration of human resources and operations.)

- Board members and staff have conflicts with the regular Board meeting date of July 11, 2002. After some discussion, the Board decided to have a luncheon meeting at 12:00 noon Friday, July 26, 2002. The meeting location will be the Board Room of the Capitol Avenue Building.

At this point in the meeting, Commissioner Powell had to leave due to a prior obligation.

Mr. Harvey continued his report with the following items:

- CAW has pumped only 84% of the amount of water the utility had pumped last year at this time. Water revenues are down \$900,000 and expenses are up \$400,000 for a total net difference of \$1.3 million between 2001 and 2002 operations.
- Virginia Surety Company, Inc., the utility's directors and public officials' liability insurance carrier, has notified CAW that another insurance company has bought the carrier and decided not to remain in the market for public officials' coverage. The cost of a \$3 million liability coverage policy has risen dramatically since last year. The cost last year was \$18,500 while recent estimates came in between \$26,000 and \$57,000. CAW staff is negotiating for a new policy to cover the Commissioners, Chief Executive Officer, Chief Operating Officer, and department directors.
- On May 13, 2002, the North Little Rock City Council passed Resolution No. 6317, through which the City Council urges CAW to eliminate the Minimum Monthly Charge on sprinkler meters with no usage during the winter months. CAW staff is reviewing options and recommendations and will submit a proposal to the Board at a later date.
- CAW staff has met with North Little Rock Mayor Patrick H. Hays, as well as representatives of the U.S. Army Corps of Engineers and other public utilities, to collaborate on a plan to stabilize the Arkansas Riverbank at the Interstate 430 Bridge. (Because of riverbank erosion, CAW in May 2002 had to relocate a segment of its 30-inch-diameter transmission line running under the bridge.) The City of North Little Rock, the Corps, and the other public utilities have agreed to share in the cost of the riverbank stabilization. The cost-sharing will reduce CAW's cost from the original estimate of \$800,000 to less than \$70,000. Once the participating entities have a more complete work plan, CAW staff will present a recommendation to the Board.
- Staff has drafted an amending resolution to Resolution 2002-03 (establishment of Schedule of System Development Charges and Capital Investment Charges for new water service connections) to include the low-income families' provision and clarification on the basis for establishing future Capital Investment Charges. After the Board's review of the amending resolution, Chair Dickey requested textual revisions. CAW will present the amending resolution, with the textual revisions, at a 6:00 p.m. Thursday, June 27, 2002, public hearing at the Clearwater Operations/Maintenance Complex (5300 South Shackelford Road in Little Rock). Commissioner Rimmer asked whether the low-income table in Resolution 2002-03 reflects the guidelines of the U.S. Department of Housing and Urban Development (HUD). Mr. Kirsch responded that the adopted resolution contained outdated figures and the amending resolution does not include an actual income table. He said the amending resolution states CAW will utilize HUD's guidelines for its Community Development Block Grant Program to determine whether a property owner is eligible for a reduction in the charges.
- Mr. Joe Fox, owner of Community Bakery, located at 1200 Main Street in Little Rock, has requested permission to serve a rear building through the existing water service line to the bakery in order to sell the rear property. Mr. Harvey explained CAW policy prohibits a customer from serving another property through the same service line.

- A representative of the City of Little Rock Parks & Recreation Department has inquired as to whether CAW has surplus property available in the area surrounding Jackson Reservoir. Mr. Harvey said CAW staff informed Mr. Bryan Day, parks director, that there is a very small parcel outside the watershed; however, the utility does not think it would be cost-effective for the department. He said Mr. Day indicated he agreed.
- CAW staff issued a Request for Qualifications (RFQs) for an appraisal consultant to assist in obtaining easements and rights-of-way on various CAW projects. Mr. Harvey said utility staff received three responses and, after reviewing each proposal, would recommend using the services of Barnes, Quinn, Flake & Anderson, Inc. He further stated a recommendation would be on the July 2002 Board agenda.
- Little Rock Wastewater Utility (LRWU) has researched the estimated costs associated with different methods of conveying a sanitary sewer across the Arkansas River to the North Little Rock Wastewater Utility's existing White Oak Bayou Wastewater Treatment Plant. The utility had considered tunneling a sanitary sewer force main under the Arkansas River east of Murray Lock and Dam but had determined it would be more cost-effective to run the sewer main along the new pedestrian bridge proposed for the lock and dam crossing. CAW also has plans to run a water transmission line along the Murray Lock and Dam crossing.
- LRWU is considering moving out of the Capitol Avenue Building and into a building the utility would construct on property at the Clearwater Complex. There also has been discussion on the sale of LRWU's interest in the Paragon Building to CAW. CAW staff has scheduled an appraisal of the Paragon Building, located at 311 East Capitol Avenue, for June 19, 2002.
- LRWU is considering changing the methodology for establishing sewer rates. Among options under consideration is a flat fee for monthly sewer service or a schedule of rates based on customers' winter-average usage.
- Mr. Harvey explained a staff recommendation to delay consideration of Jacksonville Water Works' request for a reduction in the minimum daily water usage requirement. He said CAW is projecting the need for a large transmission main across the northern part of its service area and the funding of the line to be shared by all water user groups/cities that receive water from the CAW system. He further stated the general opinion that all water user groups that benefit from this transmission main should share in the construction cost, based on a water user group's proportional use of the new line.
- As follow-up to Mr. Morgan's report on property acquisition in the Lake Maumelle Watershed, Mr. Harvey said there might be additional land available for purchase. He said the parcels available are expansive and the total cost would be in the \$5 million range. Commissioner Wood asked whether the utility may pay for property over a period of time. Mr. Harvey reported that the owner of the property, Soterra, Inc., is interested in harvesting the timber on the property over a two-year period, so the company might be open to financing the sale over that period of time. He said the property value would be less after the timber harvest.

Commissioners Wood and Rimmer commended Chair Dickey on the outstanding job she has done in leading the CAW Board over the past 18 months.

In other business, Commissioner Rimmer inquired as to whether staff had submitted a final recommendation on proposed changes to the Rules and Regulations governing recreation and other activities at Lake Maumelle and Lake Winona. Mr. Kirsch replied that staff currently is

revising the original recommendations to include clearer language and expects to submit a recommendation at the Board's July 2002 meeting.

With there being no further business, the Board adjourned the meeting at 5:15 p.m.

ATTEST:

APPROVED:

M. Jane Dickey, Chair

Francille Turbyfill, Vice Chair

Eddie Powell, Secretary/Treasurer

Thomas W. Rimmer, Commissioner

Claude B. Wilson, Commissioner

Craig Wood, Commissioner

RESOLUTION NO. 2002- 05

A RESOLUTION AUTHORIZING AND APPROVING THE SELECTION OF METROPOLITAN NATIONAL BANK, LITTLE ROCK, ARKANSAS AS TRUSTEE FOR THE CENTRAL ARKANSAS WATER REVENUE BONDS; AND FOR OTHER PURPOSES

WHEREAS, Central Arkansas Water (the "Issuer") has determined that the issuance of water revenue bonds (the "Bonds") to finance a portion of the costs of acquiring, constructing and equipping certain capital improvements (the "Capital Improvement Program") to the Issuer's water collection, treatment and distribution system (the "System") is in the best interests of the Issuer, the System and its customers;

WHEREAS, the Issuer has further determined that the selection of a corporate trustee to serve as Trustee for its Bonds is a necessary and appropriate aspect of its Capital Improvement Program;

WHEREAS, the Issuer, through its staff and Financial Advisor, Stephens Inc., solicited proposals for Trustee from interested financial institutions and in response thereto received proposals from: BancorpSouth Bank, Bank of New York, Bank of the Ozarks, Metropolitan National Bank, Regions Bank, Simons First Trust Company, N.A., and US Bank;

WHEREAS, after careful and considered review of all proposals, Metropolitan National Bank, Little Rock, Arkansas, is hereby recommended to serve as Trustee for the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY the Board of Commissioners of Central Arkansas Water, as follows:

Section 1. That Metropolitan National Bank is hereby approved to serve as Trustee for the Bonds subject to negotiation of an acceptable agreement between the Issuer and Metropolitan National Bank.

Section 2. That the Chief Executive Officer and Chief Financial Officer of Finance of the Issuer are hereby authorized to negotiate and enter into an agreement with Metropolitan National Bank to serve as Trustee for the Bonds.

Section 3. That this Resolution shall be in effect from and after the date hereof

CERTIFICATE

I, Eddie Powell, Secretary of the Board of Commissioners, CENTRAL ARKANSAS WATER, certify that, as such Secretary, 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 13, 2002

Eddie Powell, Secretary

Minutes of a Special Meeting
Board of Commissioners
Central Arkansas Water

July 10, 2002

The Board of Commissioners, Central Arkansas Water (CAW), convened in a special conference telephone call meeting at 11:00 a.m. Wednesday, July 10, 2002. The conference call was conducted from the office of Mr. Jim Harvey, Chief Executive Officer. His office location is the Capitol Avenue Building at 221 East Capitol Avenue in Little Rock, Arkansas.

Participating by telephone conference were:

Ms. Francille Turbyfill, Chair
Ms. M. Jane Dickey, Commissioner
Dr. Thomas Rimmer, Commissioner
Mr. Eddie Powell, Commissioner
Mr. Claude B. Wilson, Commissioner
Mr. John B. Thurman, Attorney for the North Little Rock Water Commission

Also in attendance were:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer
Ms. Marie A. Crawford, Director of Communications
Ms. Connie Horn, Management Secretary
Mr. Gary P. Pittman, Director of Finance & Customer Service

Ms. Francille Turbyfill, Chair, called to order the July 10, 2002, special meeting of the Board of Commissioners.

Mr. Harvey explained that the purpose of the special meeting was to approve a contract with Willow Beach Municipal Improvement District No. 1 of the City of North Little Rock for waterline improvements. Mr. Harvey shared that the contractor, Co-Bar Contracting Inc., is at the site and ready to begin work; however, CAW does not have an approved contract for the project. He stated that the Board of Commissioners, North Little Rock Water Department (NLRWD), had approved funds but not a contract for the project. Mr. Harvey added that the project is in NLRWD's 2001 budget and is in the 2002 CAW budget.

Mr. John B. Thurman, attorney for the North Little Rock Water Commission, explained that several years ago NLRWD acquired the service area from the Grand Prairie Regional Water Distribution District when the City of North Little Rock annexed the Quapaw/Willow Beach area. He said that, as part of the agreement, NLRWD agreed to take over the service area at the end of a three-year period. The agreement between the City of North Little Rock, NLRWD, and Willow Beach Estates property owners stated the property owners would form a municipal water improvement district in order to make the improvements necessary to bring the existing facilities up to NLRWD standards. He further noted that the agreement was for each party to pay one-third of project costs.

Mr. Thurman said the total cost of improvements is approximately \$603,000, which includes contingencies that the City of North Little Rock will fund. He said the City of North Little Rock has contributed its initial cost-share, and the Bank of the Ozarks has agreed to loan the Willow Beach Municipal Improvement District its one-third share. He noted that CAW has agreed to NLRWD's original share of \$200,000.

Upon a motion duly made by Commissioner Claude B. Wilson and seconded by Commissioner Eddie Powell, the Board authorized the Chief Executive Officer to execute for and on behalf of CAW the water main extension contract for improvements to facilities in the Willow Beach area.

Mr. Harvey reported to the Board that:

- Staff was recommending the cancellation of the July Board meeting because of scheduling conflicts and the lack of urgent business. Upon a motion duly made by Commissioner Wilson and seconded by Commissioner Powell, the Board cancelled the July meeting. Commissioner Thomas Rimmer stated that he would not be able to attend the August 8 Board meeting. Mr. Harvey said staff would poll Board members to determine the best date for the August meeting.
- CAW has received notice of a grant award from the U.S. Environmental Protection Agency (USEPA) in the amount of \$115,000 for a (security) vulnerability assessment. Mr. Harvey told the Board that the U.S. Congress is taking action to exempt the assessment findings under the Freedom of Information Act (FOIA).

With there being no further business, the Board adjourned the meeting at 11:15 a.m.

ATTEST:

APPROVED:

Francille Turbyfill, Chair

M. Jane Dickey, Commissioner

Thomas Rimmer, Commissioner

Eddie Powell, Commissioner

Claude B. Wilson, Commissioner

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

August 8, 2002

The Board of Commissioners, Central Arkansas Water (CAW), convened a regular meeting at 2:00 p.m. Thursday, August 8, 2002, in the Third Floor Board Room of the Capitol Avenue Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present were:

Ms. Francille Turbyfill, Chair
Mr. Craig Wood, Vice Chair
Mr. Eddie Powell, Commissioner
Mr. Claude B. Wilson, P.E., Commissioner
Ms. M. Jane Dickey, Commissioner

Absent were:

Dr. Thomas W. Rimmer, Commissioner
Ms. Alma Williams, Secretary

CAW staff in attendance were:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Robert Childers, Director of Environmental Health & Safety
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary P. Pittman, Director of Finance & Customer Service
Mr. Gerald Boon, Assistant Director of Finance
Mr. Dale W. Russom, P.E., Director of Engineering
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW
Ms. Kathy Graves, Attorney for CAW
Mr. Bill Spivey, Attorney with the Wright, Lindsey & Jennings, L.L.P., law firm

Also in attendance were:

Mr. Kirby Rowland, P.E., Vice President of Garver Engineers
Mr. Wyck Nesbit, Attorney with the Friday, Eldredge & Clark law firm
Ms. K.J. Longley, Reporter with *The Times* of North Little Rock
Mr. John Sorenson, Customer
Ms. Cindy Murphy, Reporter for the *Arkansas Democrat-Gazette*

Ms. Francille Turbyfill, Chair, called to order the August 8, 2002, meeting of the Board of Commissioners, Central Arkansas Water.

On behalf of the Board of Commissioners, Ms. Turbyfill presented to Ms. M. Jane Dickey, Commissioner, a plaque in appreciation and recognition of her outstanding leadership as Past Chair of the Board of Commissioners. Chair Turbyfill stated that Commissioner Dickey is truly a great asset to the Board and fellow Commissioners greatly appreciate her efforts. Chair Turbyfill also recognized Commissioner Dickey for her being honored as a Paul Harris Fellow of Rotary International. She noted that the distinction is for Commissioner Dickey's support of the educational and humanitarian efforts of the service organization. Chair Turbyfill stated

that the Board is proud to have an individual of Commissioner Dickey's caliber serve on the Water Commission.

Chair Turbyfill then recognized Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer (COO), for his recent honor as Arkansas' Water Manager of the Year for 2002. She re-presented the plaque that he received at the July 2002 Annual Conference of the Arkansas Water and Wastewater Managers' Association (AWWMA).

Chair Turbyfill also informed the Board that Mr. Steve Morgan, Director of Regionalism & Future Water Source, was a 2002 inductee into the Arkansas Water Works & Water Environment Association's (AWW/WEA) Glen T. Kellogg Water & Wastewater Hall of Fame. She noted that the association bestowed the honor during the its Annual Conference in April at Hot Springs.

Chair Turbyfill called for a motion to approve the Minutes of the June 13, 2002, meeting of the Board. Upon a motion duly made by Commissioner Dickey and seconded by Mr. Craig Wood, Commissioner, the Board approved the Minutes of the June meeting. Chair Turbyfill then called for a motion to approve the Minutes of the Board's July 10, 2002, Special Conference Call meeting. Upon a motion duly made by Mr. Eddie Powell, Commissioner, and seconded by Commissioner Wood, the Board approved the Minutes of the July Special Conference Call meeting.

Mr. Gary P. Pittman, Director of Finance & Customer Service, reported to the Board that, in the past, Little Rock Municipal Water Works (LRMWW) had a policy by which the utility paid the liability insurance deductible on claims against members of the Board of Commissioners and chief officers. He said the current deductible amount is \$7,500 and staff recommends the CAW Board's adoption of the former LRMWW policy. Upon a motion duly made by Commissioner Dickey and seconded by Commissioner Wood, the Board adopted the policy.

Mr. Gerald Boon, Assistant Director of Finance, introduced Mr. Wyck Nisbet, attorney with the Friday, Eldredge & Clark law firm, to explain required changes to CAW's Employees Savings Plan (Internal Revenue Service Code Section 401a Plan). Mr. Nisbet told the Board that changes in federal legislation subsequently requires technical changes in the utility's plan. He explained that no changes in benefits, contributions, etc., would occur within the plan, as a result of these changes, and that the corrections would bring the Employees Savings Plan into compliance with federal regulations. Upon a motion duly made by Mr. Claude B. Wilson, Commissioner, and seconded by Commissioner Powell, the Board approved the technical corrections to the 401a Plan.

Mr. Boon also presented a resolution merging the residual retirement trust funds of the North Little Rock Water Department (NLRWD) and Little Rock Municipal Water Works. He said merging the two funds would provide for better investment strategy. He said the resolution makes no changes to the benefit provisions of the plan. Upon a motion duly made by Commissioner Powell and seconded by Commissioner Wood, the Board approved the resolution merging the residual retirement trust funds of the two former utilities.

Mr. Kirsch presented to the Board a final draft of the Management Agreement between CAW and the Pulaski Area Geographic Information System (PAgis) Board of Directors. (At the June 13, 2002, Board meeting, utility staff presented a proposal for the Engineering Department to manage, on a temporary basis, the computerized land-mapping system. Participating members of PAgis are CAW, Little Rock Wastewater Utility [LRWU], the City of Little Rock/Little Rock Department of Public Works, the City of North Little Rock, North Little Rock Wastewater Utility [NLRWU], and Pulaski County Government. At the June meeting, Mr. Marc Wilkins, Assistant Director of NLRWU, addressed the Board and stated that member agencies

were concerned about the quality of PAgis services and they believed that with CAW's management of the system, the performance and quality of data would improve.) In response to Commissioner Wood's question regarding the fee CAW would charge, Mr. Kirsch responded that the fee would be sufficient to cover the expenses that CAW would incur in managing the system. Mr. Kirsch noted that the agreement would expire December 31, 2003. Upon a motion duly made by Commissioner Dickey and seconded by Commissioner Wood, the Board approved the Management Agreement between PAgis and CAW.

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

1. A low bid from Arrow Plumbing, Inc., in the amount of \$57,550 for the relocation of water services onto Crestwood Road and Sherwood Road (The relocation of a water main from the alley between the two streets requires the relocation of the services.)
2. A low bid from Landers Ford in the amount of \$28,997.41 for the purchase of two (2) one-ton trucks with dump bodies for the Distribution Department
3. A low bid from Landers Ford in the amount of \$193,098.92 for the purchase of four (4) two-ton trucks with service bodies for the Distribution Department
4. A private line service agreement with Mr. Larry Hawkins for property at 9029 Jacksonville-Cato Road in North Pulaski County, with the stipulation that the property owner must connect if a public water main becomes available
5. A request by Mr. Robin Raveendran for a 6- to 12-inch encroachment onto a 50-foot waterline easement located at the east end of Edgerstoune Lane (Ozark Point Water Treatment Plant)
6. A low bid from Koontz Electric Company, Inc., in the amount of \$126,621 for the replacement of variable speed drive equipment at the Jack H. Wilson Water Treatment Plant, as well as the removal of variable speed drive equipment, replacement of a motor, and relocation of the electrical entrance at the Mabelvale Booster Pumping Station
7. A low bid from Diamond Construction Company in the amount of \$886,086 for the replacement of approximately 15,500 linear feet of aged 2-inch-diameter galvanized pipe with 2-inch-diameter polyvinyl chloride (PVC) pipe, replacement of approximately 3,000 linear feet of existing 2-inch-diameter galvanized pipe with 8-inch-diameter ductile iron pipe, and installation of 2 public fire hydrants in the area of Central International Studies High School and Arkansas Children's Hospital in Little Rock (Park Street and Marshall Street areas)
8. A request from Razorback Towers telecommunications group for a 30-foot wide ingress/egress easement across CAW property at the western end of Lake Maumelle (The easement is to provide access to a tower planned for construction on private land.)

Mr. Pittman updated the Board on the August 7, 2002, public hearing on the sale of up to \$22 million in Water Revenue Bonds. He said the date of the sale would be August 20, 2002. He also reported that, as of yet, Moody's Investors Service had not rated the bonds; however, he expects the rating service to do so within the next day or two. Mr. Pittman introduced Mr. Tad Bohannon, CAW legal counsel, to further explain a draft resolution related to the bond issue. Mr. Bohannon told the Board that the resolution authorizes the sale of up to \$22 million in bonds, approves the Official Notice of Sale form, approves the Preliminary Official Statement, and gives approval to the Director of Finance & Customer Service to accept bids for the bonds. Mr. Bohannon also shared that staff and legal counsel would submit the bids

for Board approval prior to the actual issuance. In response to a question from Commissioner Wood, Mr. Pittman said that some of the projects that the bond sale would finance have only a 20-year life; therefore, 20 years is the longest advisable term for the bonds. Upon a motion duly made by Commissioner Wood and seconded by Commissioner Powell, the Board approved the resolution pertaining to the sale of bonds.

Mr. Pittman also informed the Board about requirements for a special meeting immediately following the August 20 sale and a special meeting to close the sale. He suggested a meeting date of August 21 or August 22 for signature approval of the underwriters' bids and September 25 or September 26 for signature approval on the closing documents. He also said the Board may want to appoint an Assistant Secretary to ensure the availability of an authorized member to sign the documents. Commissioner Wood nominated Commissioner Dickey. Upon Commissioner's Dickey acceptance of the nomination, the Board appointed her by a unanimous vote.

Mr. Kirsch presented staff and legal counsel recommendations for textual changes to the amending resolution on System Development Charges and Capital Investment Charges (Resolution 2002-03). He said the recommended clarifications were the result of public hearing comments and further discussions with members of the System Development Charges Task Group. He said the task group members were concerned about language related to the establishment of future Capital Investment Charges. He said the recommended changes reflect terminology that is acceptable to all parties. In response to a question from Commissioner Powell, Mr. Kirsch stated that CAW and task group members are comfortable with the language changes. Commissioner Dickey inquired as to whether legal counsel was satisfied with the modifications. Ms. Kathy Graves, CAW legal counsel, responded that the Water Commission had properly presented the amending resolution to the public thus met the public hearing requirements. Ms. Graves further stated that the resolution was ready for submittal to the Little Rock Board of Directors and North Little Rock City Council. Upon a motion duly made by Commissioner Powell and seconded by Commissioner Wilson, the Board approved the amending resolution.

Mr. Dale W. Russom, P.E., Director of Engineering, addressed the Board regarding the Mountain Crest Subdivision project in North Little Rock. He said the project, which originated with NLRWD, has encountered many problems related to the developer's completion of the project. Mr. Russom reported that ownership has changed and contractual obligations to the utility remain unmet. He further stated that the project developer expects to secure a loan by August 20, 2002, which would enable the developer to meet contractual obligations and complete the project.

Mr. Russom said he is trying to remain optimistic about the Mountain Crest project, but there is the possibility of having to file a lawsuit at some point. Mr. Wood inquired as to whether CAW would have priority over other creditors in a lawsuit. Ms. Graves responded that in order to do so CAW would have to obtain a judgement against the developer, but even then the utility would not have priority over the mortgage holder. She advised that it would be best to work with the developer toward project completion so that the utility could realize a return on its investment.

Commissioner Powell asked whether procedures are in place to assure against a situation similar to the Mountain Crest development. Mr. Russom said proper procedures are in place.

Mr. Steve Morgan, Director of Regionalism & Future Water Source, addressed the Board on the status of Lake Maumelle Watershed land acquisitions. He stated that a lawsuit for title is pending against the owner of the 160 acres at the western end of the lake; therefore, CAW

would have to delay its purchase until the settlement of the lawsuit. (In June 2002, the Board approved the purchase of the land from Ms. Dorothy Pearson.)

In keeping with the Board's commitment to protect the water quality in Lake Maumelle, Mr. Morgan indicated on a map other tracts that possibly would be available for purchase. In response to Commissioner Wood's question regarding improvements made on the properties, Mr. Morgan answered that some of the tracts have roads, utilities, and wells.

Commissioner Powell asked about the amount of land CAW intends to acquire. Mr. Kirsch used the map to indicate other areas that CAW deems important to water quality protection. He noted that some tracts front the lake and other properties are adjacent to critical streams that feed the lake. Further, Mr. Kirsch also shared that CAW staff has a meeting scheduled with Deltic Timber Corporation regarding a 794-acre tract adjacent to the intake at the eastern end of the lake. He said the corporation owns the land and soon may make it available for purchase.

Mr. Jim Harvey, Chief Executive Officer (CEO), reported that CAW might be able to secure funding for watershed protection through conservation money allotted in a farm bill that is before the U.S. Congress. He promised to keep the Board updated.

Mr. Morgan updated the Board on the following regionalism activities:

- He met with the Chair of the Water Commission of the City of Beebe, Arkansas, to discuss the city's future water needs. The city currently has a sufficient water supply but would like to keep open the possibility of purchasing water from CAW in the future.
- He made a presentation at the July meeting of the Cabot City Council. The council voted unanimously to adopt a resolution of intent to contract with CAW for the city's water supply.
- CAW has received a letter from the City of Bryant requesting an increase in the city's maximum daily contractual allowance (an increase from two million gallons per day to three million gallons per day to meet current system needs).
- The Saline County Waterworks and Sanitary Sewer Public Facilities Board (Woodland Hills), located east of the City of Bryant, would like to negotiate a service contract with CAW and abandon its well supply.
- There has been no additional contact with Sardis Water Association, who is awaiting the results of the Saline County water source study that the University of Arkansas at Little Rock (UALR) is conducting.
- The City of Benton has notified CAW that it no longer requires the contractual option to purchase two million gallons of water per day. Staff will respond with a letter of confirmation.
- The North Pulaski Water Association has passed a resolution of intent to merge with CAW and is using legal documents from the LRMWW-NLRWD merger for guidance.
- A preliminary report on the Supplemental Water Source Study should be available by the end of September 2002, with the final report available October 8, 2002. The study will not address environmental impact or the cost of implementation for the

study recommendations. Mr. Harvey stated the study would be a great help in making future decisions on a water source for Central Arkansas.

- Saline County and 17 area water user groups have signed a contract with UALR for the university to conduct a water source study. Because UALR will be using the findings of past studies, project completion should not take long.

Mr. Robert Childers, Director of Environmental Health & Safety, updated the Board on the integration of the LRMWW and NLRWD safety programs. Included in his update was information on the development of CAW's Safety Policy and Safety Manual; a review of accident reports and the costs incurred, as a result of the accidents; and security enhancements for the utility's facilities and personnel.

Members of the Board commended and thanked Mr. Childers for an excellent presentation.

Mr. Harvey told the Board that the U.S. Environmental Protection Agency has awarded CAW a \$115,000 grant for a vulnerability assessment. He said CAW issued a request for proposals and is in fee negotiations with a security consultant.

Mr. Harvey reported to the Board on the following items:

- Each month, staff would like to present CAW policies for the Board's review.
- CAW has received a copy of a resolution from the City of Sherwood requesting that the utility not assess the Minimum Monthly Charge on residential sprinkler customers during months of non-usage nor assess re-connection fees on residential sprinkler systems. Mr. Harvey told the Board that had he talked with Mayor Bill Harmon and explained that CAW is looking into alternative solutions to the charges and that he would keep the mayor informed on the issue.
- At an August 25, 2002, meeting, the Arkansas State Board of Health discussed backflow prevention requirements. The board voted to appoint a "working group" to review Arkansas' Rules and Regulations Pertaining to Public Water Systems in regard to backflow prevention regulations. The Board of Health has indicated that Mr. Dale Kimbrow, Planning Manager for CAW, would serve and Mr. Bob Birch, Chairman of the Board of Directors for the Little Rock Regional Chamber of Commerce and a member of CAW's System Development Charges Task Group, would represent the cities of Little Rock and North Little Rock. The committee also will seek input from the mayors of several cities and hold a public hearing in October 2002 to receive comment on the backflow prevention requirement for residential lawn sprinklers. Public comments at the State Board of Health meeting were in support of the annual testing requirement.
- The meeting date for the American Water Works Association (AWWA) Water Board & Public Officials Summit is October 12 - 14, 2002, in Denver, Colorado. In addition, the meeting date for the Annual Conference of the Southwest Section-AWWA is October 6 - 8, 2002, in Tulsa, Oklahoma. To ensure timely registration and housing, Water Commissioners who are interested in attending either of the meetings should inform utility staff as soon as possible.
- Water Commissioners will receive newspaper clippings only on articles of significance that do not appear in local publications.
- The selection committee for the position of COO has recommended four applicants for interviews by the CEO. The three in-house finalists have completed interviews

and the outside finalist is to interview on August 16, 2002. A decision likely will be soon after the last interview. Although the recruitment process has been lengthy because of the number of applicants, it has given CAW a high caliber of applicants from whom to choose.

- Mr. Reggie A. Corbitt, Manager of LRWU, has indicated that the Little Rock Sanitary Sewer Committee would like for CAW to buy the Wastewater Utility's interests in the Paragon Building property at 315 East Capitol Avenue, the parking lot located behind the building, and the Capitol Avenue Building so the Wastewater Utility may build a new administration building at the Clearwater Operations/Maintenance Complex at 5300 South Shackelford Road. The Paragon Building has an appraised value of \$440,000, which brings LRWU's one-half portion interest to \$220,000. The Capitol Avenue Building has an appraised value of \$2,450,000, which gives LRWU's three-eighths interest a value of \$918,750. The appraised value of the parking lot located behind the Paragon Building is \$140,000, which gives LRWU's three-eighths interest a value of \$52,500. The total appraised value of the properties is \$3.03 million, with LRWU's interests valued at \$1,191,250.

Mr. Wood stated his opposition to the buyout and asked whether CAW has a contractual obligation to buy out LRWU. Mr. Harvey replied that CAW has no obligation to purchase LRWU's ownership in the properties. Mr. Wood then asked whether a buyer other than CAW may purchase LRWU's interests. Mr. Harvey answered affirmatively. Mr. Harvey told the Board that the Sanitary Sewer Committee meets in the next couple of weeks and more information should be forthcoming from the meeting.

- The construction of the piers for the new intake on Lake Maumelle took longer than expected because the contractor has had to dig an additional 12 feet to reach solid bedrock. The depth was much farther than the 25 feet originally anticipated.

In response to a question from Commissioner Wood, Mr. Harvey told the Board that he had talked with Mr. Corbitt regarding possible changes in sewer rate methodology. Mr. Harvey stated that it is his understanding that LRWU plans to implement a flat fee rate or a winter-monthly-average rate. He said the change would decrease CAW's workload for servicing Little Rock sewer accounts. He also stated that Mr. Corbitt indicated that LRWU thought CAW should charge LRWU the same per-bill fee that CAW charges the City of Little Rock for servicing solid waste accounts (40 cents versus 70 cents, which would be the new per-bill fee for LRWU with the change in rate methodology). Mr. Harvey explained to the Board that CAW currently is at a cost-of-service rate on the billing for LRWU. Mr. Harvey went on to explain that CAW's last management study showed that CAW could save money by billing quarterly; however, because of the high cumulative sewer bill that customers would receive with quarterly billing, CAW has to remain at monthly billing. He said the study also indicated that without billing for wastewater, CAW could save as much as the utility is receiving from LRWU for account servicing.

Mr. John Sorenson, secretary for the Timber Ridge Condominium Association in Little Rock, addressed the Board regarding the association's experience with CAW's cross-connection control requirements. He told the Board he had talked several times with the utility's Water Regulations Specialists, Mr. Carroll Keatts and Mr. Alvin Harper, and the staff members had been very helpful in his understanding the requirements and the status of the issue before the State Board of Health.

With there being no further business, the Board adjourned the meeting at 3:55 p.m.

ATTEST:

APPROVED:

M. Jane Dickey, Commissioner

Francille Turbyfill, Chair

Claude Wilson, Commissioner

Craig Wood, Vice Chair

Eddie Powell, Commissioner

RESOLUTION 2002- 04

A RESOLUTION TO AMEND RESOLUTION 2002-03 AND TO CLARIFY THE BASIS FOR THE ESTABLISHMENT OF FUTURE CAPITAL INVESTMENT CHARGES; TO PROVIDE CONSIDERATIONS FOR LOW-INCOME FAMILIES IN THE SCHEDULE OF SYSTEM DEVELOPMENT CHARGES; AND FOR OTHER PURPOSES

WHEREAS, the Board of Commissioners, Central Arkansas Water (CAW), in Resolution 2002-03, as adopted on May 9, 2002, established a Schedule of System Development Charges and Capital Investment Charges for new development within the Central Arkansas Water ("System"); and

WHEREAS, the Board desires to clarify the basis for the establishment of future Capital Investment Charges and provide considerations for low-income families in the Schedule of System Development Charges; and

WHEREAS, the Board approves the amendments herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER, THAT Resolution 2002-03, adopted May 9, 2002, is hereby amended only in the following respects:

Section 1. Section 2e is revised to establish the following definition of a "low-income household" and the remaining items in Section 2 are renumbered, accordingly:

"low-income household – A Domestic Customer whose total income for all persons living within the household falls within the guidelines established by the U.S. Department of Housing and Urban Development for its Community Development Block Grant Program, as amended from time to time. Central Arkansas Water reserves the right to require such information, affidavits, or reports, as it deems necessary (including copies of federal or state income tax returns) for determination of eligibility for assistance as a low-income household."

Section 2. Section 5e is revised to read, as follows:

"At times, real estate developers/property owners may request CAW to invest in capital improvements ("Requested Capital Improvements"), such as pumping stations, water storage tanks, water mains, or other improvements that are not provided for, or that are in excess of, the planned capital investment program currently adopted by the Board of Commissioners. In most instances, the Requested Capital Improvements will be necessary to enable real estate developers/property owners to obtain water in the capacity and at the pressure required for the uses planned in the geographic area to be served by the Requested Capital Improvements, as well as uses likely in the surrounding geographic areas to be benefited by the Requested Capital Improvements. In order to pay for all or a portion of the costs of the Requested Capital Improvements, CAW may assess Capital Investment Charges in the geographic area served by the Requested Capital Improvements. The geographic area to be assessed Capital Investment Charges will be determined by the Chief Executive Officer of CAW (CEO). In making a determination of the dollar amount of the Capital Investment Charges and the geographic area served by the Requested Capital Improvements, the CEO may consider the recommendations of the real estate developers/property owners, the potential economic impact of the Requested Capital Improvements, and the extent of benefits to existing customers and future customers."

Section 3. Section 7 is revised by the addition of the following provision after the Schedule of System Development Charges for all Central Arkansas Water customers except Master-metered Customers:

“To reduce the hardship that may be imposed upon low-income households, a reduction in the System Development Charge will apply to 5/8-inch-diameter meters only. The reduction in the charge shall be based upon the number of persons residing in the household and the total household income, in accordance with the guidelines established by the U.S. Department of Housing and Urban Development for its Community Development Block Grant Program, as amended from time to time.”

Section 4. The provision in Section 9 between the schedule of “charges related to current geographic areas benefited” and the schedule of “charges related to benefit of connection to a specific water main” is revised, as follows:

“At the time of future development, capital improvements needed for the geographic area affected will be determined by Central Arkansas Water and charges shall be based upon the amortization of the cost of the facilities over the acreage to be developed. Examples of future capital improvements include pumping stations, water storage tanks, water mains, and other improvements that increase the capacity or integrity of the distribution system in a specific area.”

Section 5. Section 9d and the “Household Income Level” Table are deleted and replaced, as follows:

“To reduce the hardship that may be imposed upon low-income households, a reduction in the Capital Investment Charge will apply to 5/8-inch-diameter meters only. The reduction in the charge shall be based upon the number of persons residing in the household and the total household income, in accordance with the guidelines established by the U.S. Department of Housing and Urban Development for its Community Development Block Grant Program, as amended from time to time.”

Section 6. Section 9 is amended by the addition of the following provisions at the very end of the Section:

“In instances when a real estate developer/property owner is required to pay the initial cost of improvements to the system other than improvements to a distribution main or facility, it is permissible for CAW and the real estate developer/property owner to reach a mutual agreement for CAW to participate in the improvements with a method of reimbursement negotiated between CAW and the real estate developer/property owner. Such agreements must consider the potential economic impact of the improvements and the extent of the benefit to existing and future customers and may include the assessment of Capital Investment Charges in specific geographic areas.”

Section 7. In other respects, Resolution 2002-03 of the Board of Commissioners, Central Arkansas Water, remains in full force and effect, with the exception that the Chief Operating Officer, with the consent and approval of the Chief Executive Officer, is authorized to make technical corrections that

may be required in these amendments.

Section 8. *Repealer.* All resolutions and parts of resolutions inconsistent with provisions of this resolution are hereby rescinded.

Section 9. *Severability.* The provisions of this resolution are separable, and if any portion, section, provision, or phrase of this resolution shall be declared invalid or unconstitutional, such action shall not affect the validity of the remainder of this resolution.

Section 10. The effective date of these amendments to Resolution 2002-03 is December 1, 2002.

CERTIFICATE

I, M. Jane Dickey, Acting Secretary of the Board of Commissioners, Central Arkansas Water, certify that, as such Secretary, 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 August 8, 2002.

Secretary

RESOLUTION 2002- 03
(As Amended by Resolution 2002-04)

A RESOLUTION TO ESTABLISH A SCHEDULE OF SYSTEM DEVELOPMENT CHARGES AND CAPITAL INVESTMENT CHARGES FOR CENTRAL ARKANSAS WATER; TO FIX THE EFFECTIVE DATE FOR THESE CHARGES; AND FOR OTHER PURPOSES

WHEREAS, the City of Little Rock and the City of North Little Rock have created Central Arkansas Water as a public body corporate and politic under the Consolidated Waterworks Authorization Act 982 of the 83rd Arkansas General Assembly, and have consolidated the ownership and operation of their municipal water utilities into Central Arkansas Water (the "System"); and

WHEREAS, the Consolidation Agreement between the City of Little Rock and the City of North Little Rock vested the authority to establish water rates in the Board of Commissioners, Central Arkansas Water; and

WHEREAS, the Consolidation Agreement further directed the Board of Commissioners to propose an equalizing schedule of water rates to take effect beginning January 1, 2002, or as soon thereafter as practicable, and directed that the schedule of rates shall be based upon a rate study utilizing a cost of service methodology; shall equalize water rates among similarly-situated classes of customers throughout the City of Little Rock and the City of North Little Rock over a reasonable period of time not to exceed 10 years; and shall provide sufficient funds for the accomplishment of the Improvement Agendas (as defined in the Consolidation Agreement); and

WHEREAS, Carter-Burgess, Inc., the rate consultant, completed the rate study and made a final recommendation on an initial schedule of System Development Charges to meet the requirements of the rate study project, and the Board of Commissioners adopted the recommendations with the approval of Resolution 2001-10 on October 11, 2001; and

WHEREAS, following a November 28, 2001, public hearing on the schedule of charges contained in Resolution 2001-10, the Board of Commissioners rescinded Resolution 2001-10 on December 13, 2001, and established a citizens task group to review the consultant's findings on System Development Charges and other capital investment charges and to make recommendations; and

WHEREAS, the task group has completed its review of the findings from the rate consultant and has presented its recommendations to the Board of Commissioners and the Board of Commissioners has reviewed the recommendations; and

WHEREAS, it is the adopted policy of Central Arkansas Water that a portion of the capital costs invested to expand the water facilities should be recovered, to the extent it is both reasonable and practical, through fees charged new System customers causing and benefiting from the expanded water facilities; and

WHEREAS, the Board of Commissioners finds that System Development Charges and Capital Investment Charges established herein are needed to recover a reasonable portion of the cost of expanding the existing System to serve the demands of new System customers.

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

Section 1. This resolution is intended to ensure the provision of adequate water facilities to serve new development in Central Arkansas Water's service area by requiring new development to pay a portion of the capital improvement costs necessitated by and attributable to the new development. System Development Charges established by this resolution are additional and supplemental to, and not in substitution of, any other charge, fee, rate, or requirement posed by Central Arkansas Water. Capital Investment Charges established by this resolution are implemented to replace existing charges known as "Acreage Fees" and "Development Fees."

Section 2. The following definitions apply to this resolution:

- a) assessment – a determination of the amount of the System Development Charge or Capital Investment Charge per service unit that may be imposed upon new development, pursuant to this resolution.
- b) capital improvements – water facility improvements that have a life expectancy of five (5) or more years and that are to be owned and operated by or on behalf of Central Arkansas Water in support of improvements needed by the utility to increase its water supply or transmission capabilities.
- c) Capital Investment Charge – a water facilities fee imposed upon new development by Central Arkansas Water, pursuant to this resolution, in order to fund or recover the cost of capital improvements or facility expansions in treated water transmission and distribution mains/appurtenances, pumping, and storage tanks that benefit specific geographic areas.
- d) Domestic Customer – a customer whose water meter serves a private residence with one family or a customer in a multi-family development where each unit is supplied through a separate meter. (A Domestic Customer typically is served by a 5/8-inch- or 3/4-inch-diameter water meter.)
- e) low-income household – A Domestic Customer whose total income for all persons living within the household falls within the guidelines established by the U.S. Department of Housing and Urban Development for its Community Development Block Grant Program, as amended from time to time. Central Arkansas Water reserves the right to require such information, affidavits, or reports as it deems necessary (including copies of federal or state income tax returns) for determination of eligibility for assistance as a low-income household.
- f) new development – a project involving the construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure or any use or extension of land that has the effect of increasing the requirements for capital improvements or facility expansions, measured by the number of service units to be generated by such activity, and that results in a connection or an enlarged connection to the Central Arkansas Water system. New service to an existing municipality or other political jurisdiction on either a retail or wholesale basis shall be considered new development. The installation of a separate sprinkler meter by a Domestic Customer will not be considered new development.
- g) offset - the amount of the reduction in a Capital Investment Charge designed to fairly reflect the value of water facilities provided by a real estate developer/property owner, pursuant to Central Arkansas Water's development regulations and requirements.

- h) service unit – the unit equivalent to the hydraulic capacity of a 3/4-inch-diameter water meter.
- i) site-specific facilities – improvements or facilities that are for the primary purpose of safe and adequate provision of water service to a new development or geographically-identifiable area under applicable Central Arkansas Water regulations and requirements.
- j) System Development Charge – a water facilities fee imposed upon new development by Central Arkansas Water, pursuant to this resolution, 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 the System and that are necessitated by and attributable to such new development.
- k) water facility – a capital asset for providing water service, including but not limited to, land or easements, water source facilities, water treatment facilities, raw and treated water transmission and distribution facilities, and pumping and storage facilities.

Section 3. Water service to a new customer shall not be approved without the assessment of a System Development Charge and Capital Investment Charge, if applicable, pursuant to this resolution, and water service will not be initiated until payment of the charge(s) is received. This resolution applies to all new customers of Central Arkansas Water and Master-metered (wholesale) Customers initiating service after the effective date of this resolution. Master-metered (wholesale) Customers will remit payment of the charge(s) to Central Arkansas Water with their monthly water payment.

Section 4. Central Arkansas Water will establish a separate account for System Development Charges. The funds in the account only shall be used to fund capital improvements, as defined in Section 2e. Interest earned on the System Development Charges account shall be considered funds of the account and shall be used solely for the aforementioned improvements. Central Arkansas Water shall establish adequate financial and accounting controls to ensure that the funds disbursed from the account are utilized solely for the purposes authorized. Central Arkansas Water shall maintain proper financial records on System Development Charges, and the records shall be open for public inspection.

Section 5. Existing “Acreage Charges” and “Development Fees” will be referred to hereafter as Capital Investment Charges. Existing Capital Investment Charges will continue until Central Arkansas Water recovers the cost of the site-specific facilities and, in the case of real estate developers/property owners, until the end of the contract period. In addition, the passage of this resolution does not preclude Central Arkansas Water or a real estate developer/property owner from recovering costs on future site-specific improvements. The following will become a part of Central Arkansas Water’s regulations and requirements:

- a) Central Arkansas Water will install re-inforcing water mains and facilities at its own expense when funds are available to improve water service to property already served by the System.
- b) Central Arkansas Water recognizes that water mains and facilities installed by a real estate developer/property owner and Central Arkansas Water sometimes may benefit and afford service to property held by landowners that do not participate in the cost of installation thereof.
- c) Real estate developers/landowners applying for water service are required to participate in or pay the entire cost of installing mains and facilities required to serve their premises.

- d) It is determined that non-participating landowners should not receive water service until they share in the cost of the installation of mains and facilities installed (prior to their requests) at the expense of anyone other than the owner of the property at the time the main or other facilities were installed.
- e) At times, real estate developers, property owners or customers (“Developers”) may request CAW to invest in capital improvements (“Requested Capital Improvements”) such as pumping stations, water storage tanks, water mains or other improvements which are not provided for, or which are in excess of, the planned capital investment program currently adopted by the Board of Commissioners. In most instances the Requested Capital Improvements will be necessary to enable Developers to obtain water in the capacity and at the pressure required for the uses planned in the geographic area to be served by the Requested Capital Improvements and those uses likely in the surrounding geographic areas to be benefited by the Requested Capital Improvements. In order to pay for all or a portion of the costs of the Requested Capital Improvements, CAW may assess Capital Investment Charges in the geographic area served by the Requested Capital Improvements. The geographic area to be assessed Capital Investment Charges will be determined by the Chief Executive Officer of CAW (CEO). In making a determination of the dollar amount of the Capital Investment Charges and the geographic area served by the Requested Capital Improvements, the CEO may consider the recommendations of the Developers, the potential economic impact of the Requested Capital Improvements, and the extent of benefits to existing customers and future customers.

Section 6. The effective date of the schedule of System Development Charges and Capital Investment Charges is September 1, 2002.

Section 7. The following assessment schedule of System Development Charges is hereby adopted for all customers of Central Arkansas Water, with the exception of Master-metered (wholesale) Customers:

Charges for meters will be in accordance to the following table:

ACTUAL METER SIZE	SERVICE UNITS	CHARGE BY METER SIZE
5/8- or 3/4-inch	1	\$150
1-inch	1.5	\$225
1½-inch	2.5	\$375
2-inch	5	\$750
3-inch	8	\$1,200
4-inch	15	\$2,250
6-inch	25	\$3,750

The charge for a meter above 6-inch diameter will be negotiated on a case-by-case basis.

To reduce the hardship that may be imposed upon low-income households, a reduction in the System Development Charge will apply to 5/8-inch-diameter meters only. The reduction in the charge shall be based upon the number of persons residing in the household and the total household income, in accordance with the guidelines established by the U.S. Department of Housing and Urban Development for its Community Development Block Grant Program, as amended from time to time.

Section 8. *Master-metered Customers.* The following assessment schedule of System Development Charges is adopted for all Master-metered Customers:

For Master-metered Customers with a rate of \$0.704 per hundred cubic feet (CCF), each new meter installation, except as noted in Section 3, will add a volumetric surcharge to the monthly consumption.

The volumetric surcharge will be in accordance to the following table:

ACTUAL METER SIZE	SERVICE UNITS	VOLUME (CCF)
5/8- or 3/4-inch	1	213.07
1-inch	1.5	319.61
1½-inch	2.5	532.68
2-inch	5	1,065.35
3-inch	8	1,704.56
4-inch	15	3,196.05
6-inch	25	5,326.75

For Master-metered Customers with a rate of \$0.515 per hundred cubic feet, each new meter installation, except as noted in Section 3, will add a volumetric surcharge to the monthly consumption.

The volumetric surcharge will be in accordance to the following table:

ACTUAL METER SIZE	SERVICE UNITS	VOLUME (CCF)
5/8- or 3/4-inch	1	291.26
1-inch	1.5	436.89
1½-inch	2.5	728.15
2-inch	5	1,456.30
3-inch	8	2,330.08
4-inch	15	4,368.90
6-inch	25	7,281.50

Section 9. The following assessment schedule of Capital Investment Charges is hereby adopted for all customers of Central Arkansas Water:

The Capital Investment Charge related to the geographic area benefited shall:

- a) Be in addition to any other Capital Investment Charge or System Development Charge, and
- b) Not be applicable to sprinkler meters for Domestic Customers.

Charges related to current geographic areas benefited:

Current "Acreage Charge"	CHARGE PER SERVICE UNIT
\$100 - \$150/ACRE	\$50.00
\$300/ACRE	\$100.00
\$600/ACRE	\$200.00
\$2,500/ACRE	\$400.00

At the time of future development, capital improvements needed for the geographic area affected will be determined by Central Arkansas Water and charges shall be based upon the amortization of the cost of the facilities over the acreage to be developed. Examples of future capital

improvements include pumping stations, water storage tanks, water mains, and other improvements that increase the capacity or integrity of the distribution system in a specific area.

Charges related to benefit of connection to a specific water main:

METERED CONNECTION		END OF WATER MAIN, FIRE LINE, OR WATER MAIN TAP	
Size	Fee	Size	Fee
5/8-inch	\$2,000.00	2-inch	\$ 875.00
3/4-inch	2,400.00	3-inch	1,300.00
1-inch	2,800.00	4-inch	1,600.00
1½-inch	4,200.00	6-inch	2,400.00
2-inch	4,800.00	8-inch	3,200.00
3-inch	7,200.00	10-inch	4,000.00
4-inch	8,000.00	12-inch	4,800.00
6-inch	12,000.00	16-inch	6,400.00
		20-inch	8,000.00
		24-inch	9,600.00

A Capital Investment Charge also will apply to a connection to a specific water main in the following circumstances:

- a) If additional footage is installed across the last lot for future service to property under other ownership or gaps between developments if completion of a water main grid is beneficial to the water system hydraulics or is part of the master plan.
- b) To property that already has water service, when the request is for a larger connection than the property has at the time of the request for service.
- c) For any connection including residential and sprinkler meters off a fire service main that is connected to a water main that has a Capital Investment Charge.
- d) To reduce the hardship that may be imposed upon low-income households, a reduction in the Capital Investment Charge will apply to 5/8-inch- diameter meters only. The reduction in the charge shall be based upon the number of persons residing in the household and the total household income, in accordance with the guidelines established by the U.S. Department of Housing and Urban Development for its Community Development Block Grant Program, as amended from time to time.

In order to wholly or partially reimburse applicants who participate in the initial cost of a distribution main or facility, Central Arkansas Water may offset all or a part of the Capital Investment Charge related to benefit of connection to a specific water main attributable to the facilities installed by a real estate developer/property owner applicant. In no event shall such offset exceed the amount of the real estate developer/property owner applicant's cost for the installation of the facilities. Reimbursement shall be made pursuant to the terms and conditions of a Capital Investment Charge Addendum to Contracts for Distribution System Facilities. The term of the Capital Investment Charge Addendum contracts shall be 10 years.

In instances when a real estate developer/property owner is required to pay the initial cost of improvements to the system other than improvements to a distribution main or facility, it is permissible for CAW and the real estate developer/property owner to reach a mutual agreement for CAW to participate in the improvements with a method of reimbursement negotiated between CAW and the real estate developer/property owner. Such agreements must consider the potential economic impact of the improvements and the extent of the benefit to existing and future

customers and may include the assessment of Capital Investment Charges in specific geographic areas.

Section 10. *Repealer.* All resolutions and parts of resolutions inconsistent with provisions of this resolution are hereby rescinded, specifically including Resolution 2001-05 adopted July 1, 2001.

Section 11. *Severability.* The provisions of this resolution are separable, and if any portion, section, provision, or phrase of this resolution shall be declared invalid or unconstitutional, such action shall not affect the validity of the remainder of this resolution.

CERTIFICATE

I, Alma Williams, Secretary of the Board of Commissioners, Central Arkansas Water, certify that, as such Secretary, 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 May 9, 2002, as amended by a resolution adopted by said Board of Commissioners at its regular meeting held August 8, 2002.

M. Jane Dickey, Assistant Secretary

RESOLUTION NO. 2002-06

A RESOLUTION AUTHORIZING THE OFFERING OF UP TO \$22,000,000 OF CENTRAL ARKANSAS WATER WATER REVENUE BONDS, SERIES 2002 (THE "BONDS"); APPROVING THE FORM OF AN OFFICIAL NOTICE OF SALE, OFFICIAL BID FORM AND PRELIMINARY OFFICIAL STATEMENT; AND PROVIDING FOR OTHER MATTERS IN CONNECTION WITH THE SALE OF THE BONDS.

WHEREAS, the Board of Commissioners (the "Commission") of Central Arkansas Water (the "Issuer") has previously authorized the employment of Stephens Inc., as its Financial Advisor, Wright, Lindsey & Jennings LLP, as its Bond Counsel and Metropolitan National Bank, as Trustee for the proposed capital improvement bond program; and

WHEREAS, pursuant to the direction of the Commission, the Issuer's Director of Finance together with the Financial Advisor, Bond Counsel, and Trustee have prepared and presented for consideration at this meeting of the Commission the forms of an Official Notice of Sale, Official Bid Form and Preliminary Official Statement; and

WHEREAS, upon the advice of the Director of Finance, the Commission is now prepared to authorize the offering of the Bonds for sale, and to approve the sale documentation as described hereinafter.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Central Arkansas Water, as follows:

Section 1. The Bonds shall be designated (Central Arkansas Water, Water Revenue Bonds, Series 2002) (the "Bonds"). The Bonds shall be offered for sale in the aggregate principal amount of not to exceed \$22,000,000 by written or electronic bids, at such time as may be approved by the Director of Finance upon advice of the Financial Advisor, at such location as may be provided for in the Official Notice of Sale. At such time and place, the Director of Finance shall meet with the Financial Advisor to receive the bids, and the Director of Finance is hereby authorized to accept the bid providing the lowest "true interest" costs (as defined in the Official Notice of Sale) in the name of the Issuer if, upon advice of the Financial Advisor, he shall determine to do so in the best interest of the Issuer.

Section 2. The forms of the Official Notice of Sale and the Official Bid Form, substantially in the form exhibited to and before the Commission at the meeting at which this Resolution is adopted, are hereby approved.

Section 3. The form of Preliminary Official Statement, substantially in the form exhibited to and before the Commission at the meeting at which this Resolution is adopted, is hereby "deemed final" except for such terms and conditions as are

determined by the sale and such other changes, omissions, insertions and revisions as for the Director of Finance shall deem advisable and the Preliminary Official Statement is hereby approved for use in connection with the sale of the Bonds.

Section 4. The Director of Finance shall cause to be published in newspapers in the Cities of New York, New York and Little Rock, Arkansas, within the time provided by law, the Notice of Sale of the Bonds, substantially in the form exhibited to the meeting at which this Resolution is adopted.

Section 5. The Director of Finance, after consultation with the Financial Advisor and Bond Counsel is hereby authorized to distribute the Official Notice of Sale, Official Bid Form and Preliminary Official Statement to perspective bidders for the Bonds, in substantially the forms submitted to this meeting, with such changes and modifications as the Director of Finance shall deem appropriate.

Section 6. The Director of Finance is authorized to take such other actions, and to approve such other documents as are, in his judgment, necessary or appropriate in order to provide for the sale of the Bonds, on the date specified, and accomplish the intent of this Resolution.

Section 7. This Resolution shall be in effect from and after the date of its adoption.

APPROVED, August 8, 2002.

Francille Turbyfill, Chair

ATTEST:

M. Jane Dickey, Assistant Secretary

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, M. Jane Dickey, Assistant Secretary of the Board of Commissioners of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2002-06 of the Resolutions of Central Arkansas Water entitled: A RESOLUTION AUTHORIZING THE OFFERING OF UP TO \$22,000,000 OF CENTRAL ARKANSAS WATER WATER REVENUE BONDS, SERIES 2002 (THE "BONDS"); APPROVING THE FORM OF AN OFFICIAL NOTICE OF SALE, OFFICIAL BID FORM AND PRELIMINARY OFFICIAL STATEMENT; AND PROVIDING FOR OTHER MATTERS IN CONNECTION WITH THE SALE OF THE BONDS, adopted by the Board of Commissioners of Central Arkansas Water on August 8, 2002, said Resolution now appearing of record in the office of Central Arkansas Water.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of August, 2002.

M. Jane Dickey, Assistant Secretary

Minutes of a Special Meeting
Board of Commissioners
Central Arkansas Water

August 22, 2002

The Board of Commissioners, Central Arkansas Water (CAW), convened a Special Conference Call Meeting at 2:00 p.m. Thursday, August 22, 2002, in the Third Floor Board Room of the Capitol Avenue Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present was:

Ms. Francille Turbyfill, Chair

Present by telephone conference were:

Ms. M. Jane Dickey, Assistant Secretary
Dr. Thomas W. Rimmer, Commissioner
Mr. Claude B. Wilson, Commissioner
Mr. Eddie Powell, Commissioner

Absent were:

Ms. Alma Williams, Secretary
Mr. Craig Wood, Vice Chair

CAW staff in attendance were:

Mr. Jim Harvey, Chief Executive Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gerald Boon, C.P.A., Assistant Director of Finance
Ms. Marie A. Crawford, Director of Communications
Ms. Connie Horn, Management Secretary

Also in attendance were:

Mr. Bill Spivey, Attorney with the Wright, Lindsey & Jennings law firm
Ms. Bobbie Nichols, Vice President/Public Finance for Stephens, Inc.

Ms. Francille Turbyfill, Chair, called the meeting of the Board of Commissioners, Central Arkansas Water, to order and turned the meeting over to Mr. Bill Spivey, attorney with the Wright, Lindsey & Jennings law firm. Mr. Spivey stated that the purpose of the meeting was to approve the sale and underwriter for \$22 million in Water Revenue Bonds. Mr. Spivey said bond legal counsel had prepared a draft resolution and submitted it for the Board of Commissioners' prior review. He said upon approval by the Board, the resolution would provide for the issuance and sale of the water revenue bonds, provide for the payment of the principal and interest on the bonds, authorize the execution and delivery of a master trust indenture and supplemental trust indenture, and approve the official statement and other matters relating to the issuance of bonds. He said the resolution also identifies the successful purchaser, Morgan Stanley Dean Witter, and lists all firms that submitted bids on the purchase.

Mr. Spivey further informed the Board that the closing date for the bond documents would be on or about October 1, 2002.

Mr. Spivey then introduced Ms. Bobbie Nichols, Vice President/Public Finance for Stephens, Inc. Ms. Nichols presented the pricing report and results of the bond issue bidding. She said the sale of the bonds was well-received, in regard to the number of firms that expressed an interest in the purchase and in consideration of comparable issues within the last 30 days. She also told the Board that Moody's Investors Service had given an A1 rating to the bonds and went on to relate that the following staff members were present for the electronic bidding process: Mr. Jim Harvey, Chief Executive Officer; Mr. Bruno Kirsch, Jr., Chief Operating Officer; and Mr. Gary P. Pittman, Director of Finance & Customer Service. She said true interest costs was the basis for the award of the bond purchase and reviewed the following bids and composite rates:

Morgan Stanley Dean Witter financial syndicate	4.347857%
UBS Paine Webber	4.353534%
Morgan Keegan & Company, Inc., financial syndicate	4.424444%

Ms. Nichols said through the \$22,001,731.30 in total bond proceeds, CAW would receive \$19,993,741.24 for the project construction fund and other costs would include debt service reserve of \$1,654,458.76; an underwriter's discount of \$221,731.30; and issuance costs of \$131,800.

Chair Turbyfill thanked Mr. Spivey and Ms. Nichols for their reports to the Board. Upon a motion duly made by Ms. M. Jane Dickey, Assistant Secretary, and seconded by Mr. Eddie Powell, Commissioner, the Board approved a resolution for the sale of the revenue bonds.

Chair Turbyfill stated that in her opinion the utility's receiving such a competitive composite interest rate was a positive reflection on CAW. Commissioner Dickey commended Stephens, Inc., and Wright, Lindsey & Jennings on the exceptional service they provided CAW in regard to the bond issue.

With there being no further business, the Board adjourned the meeting at 2:15 p.m.

ATTEST:

APPROVED:

Eddie Powell, Commissioner

Francille Turbyfill, Chair

Thomas Rimmer, Commissioner

M. Jane Dickey, Assistant Secretary

Claude B. Wilson, Commissioner

RESOLUTION NO. 2002-07

A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WATER REVENUE BONDS FOR THE PURPOSE OF FINANCING THE COSTS OF DESIGNING, CONSTRUCTING AND EQUIPPING CAPITAL IMPROVEMENTS TO THE WATER COLLECTION, TREATMENT AND DISTRIBUTION SYSTEM OF CENTRAL ARKANSAS WATER; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST ON THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER TRUST INDENTURE AND A SUPPLEMENTAL TRUST INDENTURE; APPROVING THE OFFICIAL STATEMENT; AND PRESCRIBING OTHER MATTERS RELATING THERETO;

WHEREAS, Central Arkansas Water, a body politic and corporate, (the "Issuer") created pursuant to the Consolidated Waterworks Authorization Act, Act No. 982 of the Acts of Arkansas of 2001, as amended (the "Act"), and pursuant to a Consolidation Agreement entered into by and between the cities of Little Rock and North Little Rock, Arkansas dated as of March 5, 2001, as amended by a First Amendment to Consolidation Agreement dated as of June 30, 2001 (collectively, the "Agreement") is being operated, managed, and maintained by the Central Arkansas Water Board of Commissioners (the "Commission"); and

WHEREAS, the Commission has determined that in order for it to continue to provide quality water service to the Issuer's customers, that it is necessary to undertake a program of capital improvements (the "Improvements") to the water collection, treatment and distribution systems (collectively, the "Water System") having a total approximate cost of \$101,000,000; and

WHEREAS, the Commission has further determined that the cost of accomplishing the Improvements shall be paid from a combination of the following sources: (1) trust funds which have been set aside and are available to make capital improvements to the Water System in the approximate amount of \$20,000,000; (2) the proceeds of water revenue bonds issued pursuant to the Act in the approximate aggregate principal amount of \$84,000,000; and (3) funds derived from the operating revenues of the Water System; and

WHEREAS, pursuant to the Agreement, the Issuer, by letter of its Chief Executive Officer dated June 26, 2002, notified the cities of Little Rock and North Little Rock of its intention to issue the Series 2002 Bonds (identified hereinafter) and neither City as of the date of this resolution has voted its disapproval of the Series 2002 Bonds; and

WHEREAS, pursuant to the Agreement and the Revenue Bond Act of 1987 (Act 852), the Issuer caused to be published on July 26, 2002 and July 31, 2002, a notice of public hearing on the question of issuing the Series 2002 Bonds and thereafter, on

August 7, 2002, held a public hearing, as advertised, at which comments from the public and customers of the Water System were heard; and

WHEREAS, pursuant to Resolution No. 2002-06 of the Commission dated August 8, 2002, the Director of Finance was authorized to accept the bid resulting in the lowest true interest cost to the Issuer and accordingly the Director of Finance approved the sale of the initial series of the Issuer's water revenue bonds in the principal amount of \$22,000,000 (the "Series 2002 Bonds") to Morgan Stanley DW Inc., Crews & Associates, Inc., Edward Jones, Prudential Securities Incorporated, Salomon Smith Barney, SAMCO Capital Markets, and A.G. Edwards & Sons, Inc., (collectively, the "Purchasers") for a sale price of ninety-nine percent (99%) of par resulting in a true interest cost of 4.347857%. The Purchasers' bid together with the two additional bids received by the Issuer are set forth in detail on Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, the Series 2002 Bonds will be issued in the aggregate principal amount of \$22,000,000; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Central Arkansas Water:

Section 1. Under the authority of the Constitution and laws of the State of Arkansas, including particularly the Act and the Agreement, the sale of the Central Arkansas Water, Water Revenue Bonds, Series 2002 (the "Series 2002 Bonds") to the Purchasers for a price of ninety-nine percent (99%) of par is hereby in all respects ratified and approved following the public hearing conducted in accordance with the Agreement and Act 852, and accordingly the Bonds are hereby authorized and ordered to be sold and issued in the total principal amount of \$22,000,000. The Bonds shall not be general obligations of the Issuer but shall be special obligations payable solely from revenues of the water system and certain other funds more specifically identified in a Master Trust Indenture dated as of October 1, 2002, as supplemented and amended by the Series 2002 Supplemental Indenture (identified hereinafter).

Section 2. The issuance of the Series 2002 Bonds is hereby authorized for the purposes of (i) providing funds to finance a portion of the costs of designing, constructing and equipping certain improvements, including, but not limited to, acquisition of real property within the Lake Maumelle watershed, acquisition, construction and/or installation of additional water distribution and transmission mains, fire hydrants and storage tanks, the construction and equipping of additional pumping stations, the acquisition and installation of various water pumping, processing and production equipment, the costs of related engineering and other services, and related improvements, and to pay all expenses properly incident to such improvements, (ii) to fund the Series 2002 Debt Service Reserve Subaccount, and (iii) to pay the costs of issuance of the Series 2002 Bonds. The Series 2002 Bonds will mature, bear interest and be subject to redemption in accordance with the provisions of the Series 2002

Supplemental Indenture. The Series 2002 Bonds will be issued on a parity of security with all other bonds, if any, to be issued under the Master Trust Indenture.

Section 3. All actions heretofore taken by the Commission and officers of the Issuer in connection with the offering of the Series 2002 Bonds, including the preparation and distribution of the Official Notice of Sale and the Preliminary Official Statement, preparation of the Official Statement, holding of the public hearing on August 7, 2002, acceptance of the bid received from the Purchasers, and preparation of this Resolution (the "Authorizing Resolution") are hereby in all respects ratified and approved. The Official Statement is deemed a final Official Statement for purposes of the Securities and Exchange Commission Rule 15c2-12. The Official Statement of the Issuer in the form presented at this meeting with such changes, omissions, insertions and revisions as the Director of Finance shall deem advisable is hereby authorized and approved and the Chair and Chief Executive Officer shall sign and deliver such final Official Statement to the Purchasers for distribution to the owners of the Series 2002 Bonds and other interested persons.

Section 4. The appointment of Metropolitan National Bank, Little Rock, Arkansas, to serve as trustee for the Bonds is hereby approved and ratified (the "Trustee").

Section 5. The Chair of the Commission is hereby authorized and directed to execute the Series 2002 Bonds and the Chief Executive Officer is hereby authorized and directed to execute the Series 2002 Bonds and to affix the Seal of the Issuer thereto.

Section 6. To prescribe the terms and conditions upon which the Series 2002 Bonds, and all additional bonds are to be executed, issued, accepted, held and secured, the Chair of the Commission is hereby authorized and directed to execute and acknowledge a Master Trust Indenture (the "Master Indenture") and a Series 2002 Supplemental Trust Indenture (the "Series 2002 Supplemental Indenture") (collectively, the Master Indenture and the Series 2002 Supplemental Indenture are referred to hereinafter as the "Indenture") between the Issuer and the Trustee, and the Secretary of the Commission is hereby authorized and directed to execute and acknowledge the Indenture and to affix the seal of the Issuer thereto and the Chair and the Secretary of the Commission are hereby authorized and directed to cause the Indenture to be accepted, executed and acknowledged by the Trustee. The Indenture is hereby approved in substantially the form submitted to this meeting with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

Section 7. The Chair, the Secretary, the Chief Executive Officer, the Chief Operating Officer, the Director of Finance and the Commission, for and on behalf of the Issuer, are authorized and directed to do any and all things necessary to effect the execution and delivery of the Indenture, the performance of all obligations of the Issuer under the Indenture, the issuance, execution, sale and delivery of the Series 2002

Bonds, and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Authorizing Resolution. The Chair, the Secretary, Chief Executive Officer, the Chief Operating Officer, the Director of Finance and the Commission are further authorized and directed, for and on behalf of the Issuer, to execute all papers, documents, certificates and other instruments that may be required for the carrying out of such authority or to evidence the exercise thereof.

Section 8. The appointments of Stephens Inc., as Financial Advisor, and Wright, Lindsey & Jennings LLP, as Bond Counsel, are hereby approved and ratified.

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Section 9. This Authorizing Resolution shall be in effect from and after the date hereof.

ADOPTED: August 22, 2002

ATTEST:

Francille Turbyfill, Chair

M. Jane Dickey, Assistant Secretary

CERTIFICATE

STATE OF ARKANSAS)

COUNTY OF PULASKI)

CITY OF LITTLE ROCK)

I, M. Jane Dickey, Assistant Secretary of the Board of Commissioners of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution No. 2002-07 of the Resolutions of Central Arkansas Water, entitled: **A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WATER REVENUE BONDS FOR THE PURPOSE OF FINANCING THE COSTS OF DESIGNING, CONSTRUCTING AND EQUIPPING CAPITAL IMPROVEMENTS TO THE WATER COLLECTION, TREATMENT AND DISTRIBUTION SYSTEMS OF CENTRAL ARKANSAS WATER; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST ON THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER TRUST INDENTURE AND A SUPPLEMENTAL TRUST INDENTURE; APPROVING THE OFFICIAL STATEMENT; AND PRESCRIBING OTHER MATTERS RELATING THERETO;** passed by the Commission on August 22, 2002, said Resolution now appearing of record in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office on this 22nd day of August 2002.

M. Jane Dickey, Assistant Secretary

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

September 12, 2002

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, September 12, 2002, in the Third Floor Board Room of the Capitol Avenue Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present were:

Ms. Francille Turbyfill, Chair
Mr. Craig Wood, Vice Chair
Ms. Alma Williams, Secretary
Mr. Eddie Powell, Commissioner
Mr. Claude B. Wilson, P.E., Commissioner

Absent were:

Ms. M. Jane Dickey, Assistant Secretary
Dr. Thomas W. Rimmer, Commissioner

CAW staff in attendance were:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer
Mr. Dale W. Russom, P.E., Chief Operating Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary P. Pittman, Director of Finance & Customer Service
Mr. Gerald Boon, C.P.A., Assistant Director of Finance
Mr. Jim Ferguson, P.E., Interim Director of Engineering
Ms. Connie Horn, Management Secretary
Ms. Karen Hightower, Engineering Department Administrative Assistant
Mr. Tad Bohannon, Attorney for CAW
Ms. Kathy Graves, Attorney for CAW

Also in attendance were:

Mr. Jack Brashear, P.E., Senior Project Engineer for Garver Engineers
Mr. Doug Wilson, Senior Vice President of Rebsamen Insurance
Ms. K.J. Longley, Reporter with *The Times* of North Little Rock
Ms. Eileen Feldman, Reporter with the *North Pulaski Leader*
Mr. Bert King, Reporter with the *Cabot Star Herald*
Ms. Cindy Murphy, Reporter for the *Arkansas Democrat-Gazette*

Ms. Francille Turbyfill, Chair, called to order the September 12, 2002, meeting of the Board of Commissioners, Central Arkansas Water.

Chair Turbyfill congratulated Mr. Dale W. Russom, P.E., on his recent appointment to the position of Chief Operating Officer.

Chair Turbyfill called for a motion to approve the Minutes of the August 8, 2002, meeting of the Board. Mr. Craig Wood, Vice Chair, brought to the attention of the Board an error in the figures provided for the appraised value of the Capitol Avenue Building. Upon a motion duly

made by Mr. Eddie Powell, Commissioner, and seconded by Mr. Claude B. Wilson, Commissioner, the Board approved the minutes with the correction.

Chair Turbyfill called for a motion to approve the Minutes of the August 22, 2002, Special Meeting. Upon a motion duly made by Commissioner Wilson and seconded by Commissioner Powell, the Board approved the Minutes.

Mr. Gary P. Pittman, Director of Finance & Customer Service, asked Mr. Jerry Boon, C.P.A., Assistant Director of Finance, to report to the Board on the renewal of the Commercial Package Business Insurance Policy. Mr. Boon told the Board that the business insurance was put out for bid last year and a three-year policy was written with Kemper Insurance, with the annual premium to be negotiated each year. He said the utility requested quotes for this year's insurance from St. Paul Insurance Company and AIG (American International Group), but both companies declined to quote. He also said the renewal quote from Kemper Insurance was the only bid that the utility received and that bid excluded terrorism and earthquake coverage. Mr. Boon further stated that CAW is preparing to conduct a vulnerability assessment and will address the need for terrorism and earthquake coverage at that time. In response to questions from Commissioner Wood regarding the insurance policy, Mr. Boon introduced Mr. Doug Wilson, Senior Vice President of Rebsamen Insurance. Mr. Wilson explained to the Board that the utility obtained the policy with Kemper prior to the terrorist attacks of September 11, 2001. He further explained that since September 11, 2001, insurance companies drastically have changed the rules on policies and renewals and that basically there are no rate guarantees on insurance policies anymore.

Mr. Wilson stated that because CAW is self-insured against several different liabilities, many insurance companies would not provide coverage. He said the self-insurance allows lower premium costs to CAW but makes the coverage unattractive to insurance companies. Mr. Wilson stated that in his opinion CAW is correct in following the self-insured practice, when applicable.

In response to Commissioner Wood's questions on terrorism coverage, Mr. Wilson told the Board that many of the companies are reluctant to cover terrorism; therefore, the premiums usually are very expensive (usually starting around \$35,000 for a \$25-million policy).

Commissioner Wood thanked Mr. Wilson for his candid remarks and information on insurance coverage.

Commissioner Wood stated he felt that once the vulnerability assessment has been completed, CAW should be able to determine its catastrophe insurance needs, especially in the area of the lake dams. Mr. Wilson responded that maintenance on the dams has been very good.

Commissioner Powell asked Mr. Wilson whether an 11% premium increase from Kemper was within industry averages. Mr. Wilson replied that with the way the insurance market is currently, premium increases of 25% to 50% are not uncommon. He further stated that the initial premium increase from Kemper was 25%, but with some changes in coverage he was able to reduce the increase to 11%.

Upon a motion duly made by Commissioner Wood and seconded by Commissioner Powell, the Board approved the renewal of the Commercial Package Business Insurance Policy.

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

- A low bid from Koontz Electric Company, Inc., in the amount of \$175,777 for the replacement of an existing 4-million-gallon-per-day (MGD) pump and motor at the Crystal Hill Pumping Station with a new 8-MGD unit
- A low bid by Mid-South Boring in the amount of \$78,200 for the installation of 245 lineal feet (l.f.) of 24-inch-diameter encasement and 350 l.f. of 12-inch-diameter water main under Interstate 30 in the area of the Mabelvale Exit
- A private line agreement with Alotian Golf Club to run a waterline to an area that would allow a meter to be set at a location accessible to Central Arkansas Water
- A contract with Tetra Tech, Inc., in the amount of \$99,631 for a vulnerability assessment of CAW facilities and an emergency operations plan (Funding for the assessment is through a U.S. Environmental Protection Agency grant. According to grant requirements, the utility must complete the assessment by the end of 2002, with the emergency operations plan being completed within three months of the assessment.)

CAW received one bid on September 6, 2002, for the repair of pavement cuts in North Little Rock. Mr. Russom said the bid received was higher than expected; therefore, CAW began negotiations with Lassiter Construction for the pavement repairs. Lassiter Construction currently has a contract for the repair of pavements in Little Rock, Sherwood, Pulaski County, and other communities following CAW work. He said CAW staff has met with representatives of the City of North Little Rock regarding pavement repairs and has reached an agreement with the city to incorporate the repairs into CAW's paving contract for the current year with Lassiter Construction. He further stated that this agreement with the City of North Little Rock will expire at the end of 2002.

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer, said staff has revised the Rules and Regulations for Lake Maumelle and Lake Winona to make the language as clear and concise as possible yet enforceable by the Arkansas Game and Fish Commission. He said he had submitted copies of the revised rules and regulations to the Grande Maumelle Sailing Club, Jolly Roger's Marina, and the Game and Fish Commission for comments. He stated that if there were additional comments and suggested changes, staff would present the recommendations for the Board's approval.

Mr. Russom introduced Mr. Jim Ferguson, P.E., Interim Director of Engineering.

Mr. Ferguson presented an update on the Engineering Department. Mr. Ferguson detailed the organization of the Engineering Department and gave a general accounting of the department's work since the merger. He also reviewed developer-related contracts, ancillary fees collected under developer-related contracts, the New Service Section, the Cross-Connection Control Section, the Geographic Information System Section, and projects under design or construction.

Commissioner Powell asked whether CAW has a master plan. Mr. Russom responded that staff had developed a new master plan prior to the July 1, 2001, merger of Little Rock Municipal Water Works (LRMWW) and the North Little Rock Water Department (NLRWD). He said staff is in the process of editing the plan and will submit the plan for the Board's review.

Commissioner Wood thanked Mr. Ferguson for presenting an excellent report.

Mr. Pittman reported to the Board on CAW's sprinkler meter policy. He said the current sprinkler meter policy establishes a Minimum Monthly Charge on active sprinkler accounts during the winter months whether there is usage or not. He stated that staff was recommending that the policy continue, with a letter of notice being given to customers

informing them that they have the option of turning off their sprinkler meters in the fall to avoid the Minimum Monthly Charge. Further, he stated that in the spring, the customer would pay a \$15 service fee if CAW turns on the sprinkler meter; however, the utility would waive \$10 of the fee, if the customer turns on the meter. He said the latter option would result in a turn-on charge of only \$5.

Mr. Pittman further explained to the Board that in May 2002, CAW credited \$21,479.39 to 1,967 customers north of the Arkansas River based on the fact that the customers were not aware of the option of turning off their sprinkler meters in the fall, as had been the practice with customers on the south side of the river.

He stated that after reviewing this policy, CAW staff believes it is important to have a policy that is consistent among customers on both sides of the river. He said a systemwide policy for no Minimum Monthly Charge on active sprinkler meters with no usage during the winter months would result in a \$230,000 reduction in revenue. He noted that revenue already is down because of rainy weather this past spring.

Commissioner Powell stated he was opposed to charging customers when there is no usage on the meter. Upon a motion duly made by Ms. Alma Williams, Secretary, and seconded by Commissioner Wilson, the Board approved staff's recommendation with a 4-1 vote. Commissioner Powell cast the dissenting vote.

Mr. Russom reported to the Board on amendments to Resolution 2001-11/Schedule of Ancillary Service Charges. He recommended changes to Attachments A and B that relate to meter locations fees, as well as engineering and inspection fees. He noted that CAW charges an inspection fee on all developer contracts to ensure that CAW standards are met. He said the fee existed under LRMWW but not under NLRWD.

Commissioner Powell asked whether the changes would take effect immediately. Mr. Kirsch responded that because the Board has the authority to approve the charges, the changes in fees would take effect immediately. Commissioner Powell then asked whether staff would communicate the new charges to developers. Mr. Russom responded that the Engineering Department has a database of major contractors and would develop a letter to inform them of the changes.

Upon a motion duly made by Commissioner Wilson and seconded by Commissioner Wood, the Board approved the amendments to Attachments A and B of Resolution 2001-11.

Mr. Steve Morgan, Director of Regionalism & Future Water Source, told the Board that he had expected to present a service contract with the City of Cabot, but a few last-minute changes in the contract require a delay until the next Board meeting. He stated there were a few clarifications needed in the contract and that he was confident the contract could be ready to present to the Cabot City Council at its regular meeting on Monday, September 16, 2002.

Commissioner Powell asked Mr. Morgan when Cabot would start using its allotted maximum amount of water. Mr. Jim Harvey, Chief Executive Officer, told the Board that the maximum would go into effect in seven years, when the city retires its current well supplies.

Mr. Morgan told the Board that the implementation of the contract would require the City of Cabot to participate in the installation of a 42-inch-diameter waterline that would serve Cabot, as well as other communities. He said the City of Cabot wants to arrange financing for the project through a state revolving loan fund. He said the revolving loan fund process takes up to a year to complete. He said that once the process is completed, it could take up to 24 months for Cabot to actually start receiving water.

Commissioner Wood asked whether the CAW supply would supplement the city's wells. Mr. Morgan responded that once Cabot has connected to the new waterline, the city would use

both wells and CAW supply. He further stated Cabot has made a commitment to Lonoke County to cease the use of the wells by 2011. He said after that time CAW would be the city's primary source of water.

Mr. Morgan updated the Board on the following regionalism activities:

- CAW currently is in negotiations with Woodland Hills, a community in Saline County that is requesting a minimum of 50,000 gallons per day with a maximum of 300,000 gallons per day.
- There has been no change in the status of CAW's talks with Sardis Water Association and the City of Bryant. Mr. Harvey told Mr. Morgan that he had received letters from both water districts stating their requests and that he would provide him with copies so that Mr. Morgan could respond to the letters. (The City of Bryant is requesting an amendment to its current contract to increase the city's maximum daily amount from 2 MG to 3.1 MG. Sardis Water Association is requesting a service contract for 2 MG during off-peak hours.)
- CAW has provided the North Pulaski Waterworks Association with a copy of the resolution used to merge LRMWW and NLRWD. The association will use the resolution as a guide in drafting a resolution for the merger of the association with CAW. The association has concerns regarding the high cost of consulting fees that may be incurred as a result of the merger process. Mr. Morgan said he expects Mr. Steve Fikes, association manager, to deliver to CAW in the near future professional studies on North Pulaski Waterworks Association. He said CAW staff will review the study reports for information on the North Pulaski system. There appears to be desire on both parties to accomplish the goals of a possible merger.
- The Supplemental Water Source Study report should be available next month.
- The University of Arkansas at Little Rock (UALR) task group has asked to use the water study that the university conducted for CAW in the study for Saline County and its 17 area water user groups. The task group also has asked whether CAW would be willing to give up the use of Lake Winona. CAW has informed the task group that CAW's discontinuing the use of the lake is not a consideration. Mr. Harvey told the Board that he has met with the task group conducting the study.
- CAW is attempting to purchase two tracts of land located within the Lake Maumelle Watershed: A 10-acre tract on Reece Creek and a 30-acre tract also on the north side of the lake. The purchase price on each piece of land is within the authorization amount for the CEO, so the acquisition does not require Board approval. Mr. and Mrs. Theo Dillaha, property owners of the 30-acre tract, are asking far more than the assessed value of the property. Commissioner Wood asked whether the property could be condemned because the land has drainage into the lake. Mr. Harvey responded that it could be condemned if CAW decided to do so. Ms. Kathy Graves, CAW legal counsel, gave the opinion that even though condemnation is a possibility, she felt negotiations with the property owner could probably be worked out.

Chair Turbyfill asked Mr. Morgan about the status of the 160-acre tract of land in the Lake Maumelle Watershed on which CAW had made an offer. (The ownership of the land is in dispute in a court case.) Mr. Morgan informed the Board that CAW has withdrawn its offer until proper ownership is determined.

- Mr. Morgan and Mr. Harvey met with representatives of Deltic Timber Corporation regarding 794 acres located in the Lake Maumelle Watershed. Mr. Harvey told the Board Mr. Ron Pierce, who represents Deltic, would go before the corporation's board

on September 24, 2002, to discuss options for controlling water run-off quality from the land. He said CAW expects to hear from Deltic after that meeting.

Commissioner Wood commented that the property is a prime tract of land. Mr. Morgan commented that Deltic realizes that CAW has the ability to condemn land to ensure the water quality of the lake and wants to work with the utility. Mr. Harvey commented that the land is within the Lake Maumelle Watershed area that the Board has committed to protecting.

Mr. Harvey reported to the Board on the following items:

- He updated the Board on the Arkansas Department of Health's task force on cross connection control regulations. The task force has met twice but has made no recommendation to the State Board of Health on proposed revisions to the regulations. The Board of Health will address the regulations at its next meeting (January 2003).
- He reported to the Board on a recent meeting he had with the state legislative committee on impact fees. He told the Board that he voiced CAW's concerns on the direction the committee was taking as far as requiring an ordinance. Members of the committee assured Mr. Harvey that they are willing to work with CAW to reach a satisfactory solution.
- Mr. Harvey distributed to the Board for their information a draft letter to customers north of the river regarding the sprinkler meter policy.
- In the past, CAW employees have had a floating holiday that was chosen from one of several pre-designated holidays. An employee survey was taken to see whether employees would prefer to change that floating holiday to a permanent holiday (Friday after Thanksgiving). The response to the employee survey was an overwhelming desire to make the change. He said staff was recommending that the Board approve changing the floating holiday to a permanent holiday on the day after Thanksgiving.

Upon a motion duly made by Commissioner Wilson and seconded by Commissioner Williams, the Board approved the change in the holiday schedule.

Commissioner Wood told the Board that he was very impressed with the interest rates obtained on the recent bond sale. He asked who was responsible for CAW's getting such low rates. Mr. Kirsch responded that Mr. Pittman and Mr. Gerald Boon, C.P.A., Assistant Director of Finance, had worked closely with Stephens Inc. on the bond sale. Commissioner Wood then stated that he felt they both needed to be recognized for a job well done.

Commissioner Wood went on to comment that Hot Springs, Arkansas, and the State of Arkansas both recently had bond sales at larger amounts than CAW but, through the tremendous effort put forth by Mr. Pittman and Mr. Boon, CAW received a much better interest rate than either of the entities.

Commissioner Wood, again, commended Mr. Pittman and Mr. Boon for "an outstanding job" on the bond sale.

Mr. Harvey stated that staff had met with Stephens Inc. and he believed Stephens Inc. should be commended for its efforts in helping CAW to obtain such low rates on the bond sale. Commissioner Wood responded that he felt the thanks should go to Mr. Pittman and Mr. Boon for their determined effort in making Stephens Inc. give CAW such a good rate and that he was tremendously impressed with their efforts.

Commissioner Wood also stated that he felt staff needed to know they did a great job and a great service for the utility because it will save CAW a lot of money. Mr. Harvey said he formally would commend the entire financial team that worked on the bond sale.

With there being no further business, the Board adjourned the meeting at 4:20 p.m.

ATTEST:

APPROVED:

Alma Williams, Secretary

Francille Turbyfill, Chair

Claude Wilson, Commissioner

Craig Wood, Vice Chair

Eddie Powell, Commissioner

RESOLUTION 2002-08

A RESOLUTION TO AMEND RESOLUTION 2001-11 AND TO CLARIFY THE ANCILLARY SERVICE CHARGES THAT CENTRAL ARKANSAS WATER WILL CHARGE TO ITS CUSTOMERS FOR SERVICES ASSOCIATED WITH PROVIDING WATER SERVICE AND FOR OTHER PURPOSES

WHEREAS, the Board of Commissioners (the "Board"), Central Arkansas Water ("CAW"), in Resolution 2001-11, as adopted on October 11, 2001, established ancillary service charges within the CAW distribution system (the "System"); and

WHEREAS, the Board desires to amend Attachments "A" and "B".

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

Section 1. Section 1 of Resolution 2001-11, adopted on October 11, 2001, is hereby amended and restated in its entirety as follows: The following ancillary service fees are established for customer service activities:

<u>ACTIVITY</u>	<u>CHARGE</u>
Service Charge	\$15.00*
Collection Visit	\$20.00
Non-Pay Turn-on	\$20.00
Non Pay Set Back	\$25.00
Non-Pay Set back Restore Closed Account	\$35.00
Bad Check Charge	\$15 + bank fee
No Contract - Restore Service	\$30.00
Straight Connection	\$40.00
Stolen Meter	\$50.00
Plugged SVC/Couplings	\$50.00
ETO (After Hrs Service)	\$50.00
Reroute – Same Day Turn-On	\$20.00
Lock – Broken or Missing	\$75.00

* This fee shall be reduced to \$5.00 for customers with "sprinkler" meters who notify CAW of their intent to open their "sprinkler" meter in the spring and who then open their "sprinkler" meter themselves.

Section 2. Section 2 of Resolution 2001-11, adopted on October 11, 2001, is hereby amended and restated in its entirety as follows: The following ancillary service fees are established for new service and development activities:

<u>New Service Charges</u>	<u>Charge</u>
Meter Connection and Development Fees	See "Attachment A" for Fee Schedule
Construction Standpipe	\$75.00*
Sprinkler Standpipe Fee	\$75.00*
County Cut Fee	\$25.00

Engineering Fees	See "Attachment B" for Fee Schedule
Violation of Temporary Water Service Contract (1 st Offense)	\$250.00
Violation of Temporary Water Service Contract (2 nd Offense)	\$500.00
Charge to Read a Temporary Construction Meter	\$25.00

* CAW shall refund \$25.00 to any customer who returns a reusable standpipe to CAW. CAW shall be the sole judge in determining whether a standpipe is in a reusable condition.

Section 3. Resolution 2001-11, adopted on October 11, 2001, is hereby amended by the repeal of Attachments "A" and "B" originally attached thereto and the substitution of the following Attachments "A" and "B".

ATTACHMENT A

METER COSTS AND DEPOSITS

METER SIZE	2-LANE ROAD 20' - 28'	3-LANE ROAD 29' - 36'	* 4-LANE ROAD 37' - 48'	** STATE HIGHWAY
*** METER CONNECTION CHARGES (diameter)				
5/8"	\$ 320.00	\$ 360.00	\$ 400.00	\$ 600.00
3/4"	380.00	460.00	540.00	780.00
1"	620.00	780.00	860.00	1,340.00
1-1/2"	1,340.00	1,500.00	1,640.00	2,640.00
2"	1,640.00	1,800.00	1,940.00	3,280.00
3"	5,900.00	6,870.00	7,370.00	12,110.00
4"	6,390.00	7,680.00	8,187.00	13,410.00

* Prices for Interstate Highway Systems are for Short-Side Taps ONLY using the 4-Lane Price.

** Twenty-five percent (25%) of this charge is to cover the costs of "Special Conditions" imposed by the Arkansas Highway and Transportation Department.

*** If at CAW's request, applicant installs the tap, service line, meter box, and meter setter, and CAW installs the meter only, the Meter Connection Charge will be half the normal 2-Lane Price. If a customer requests that CAW install a meter at a location other than CAW's typical meter placement location or if a customer requests that an existing meter be relocated to a new location, and CAW agrees that the meter can be installed at the new location, the Meter Connection Charge shall be double the normal Meter Connection Charge.

For meter connections larger than 4"-diameter, the Meter Connection Charge shall be based upon CAW's estimated cost of installing the service line, meter, meter box, and lid. In order to estimate the cost, it will be assumed in each instance that the service line was laid from the middle of the street. Cost shall include labor, materials (except the meter, itself), equipment rental, supervision, fees, permits, and overhead.

The Meter Connection Charge for 5/8"- through 4"-diameter meter sizes will be increased by 1/2% for each 1 foot of right-of-way width over 80 feet.

The Meter Connection Charge shall be as follows for a reduction in meter size:

1"-diameter to 5/8" - or 3/4"-diameter	\$ 140.00
1-1/2"- or 2" - diameter to a smaller size	225.00
3"- or 4" - diameter to a smaller size	190.00

If the existing tap and service line can be utilized when installing a new larger meter, the Meter Connection Charge shall be the difference in the Meter Connection Charges for the new meter and the old meter, plus \$100.00. Otherwise, the Meter Connection Charge shall be the Meter Connection Charge indicated above in the normal Meter Connection Charge schedule.

METER DEPOSITS

METER SIZE	DOMESTIC	SMALL BUSINESS	MULTIPLE UNIT	UNITS*
5/8"	\$ 35.00	\$ 50.00	\$ 80.00	1 to 3
3/4"	50.00	75.00	150.00	4 to 8
1"	75.00	125.00	300.00	9 to 28
1-1/2"		275.00	500.00	29 to 52
2"		425.00	850.00	53 to 100
3"		700.00	1,200.00	101 to 320
4"		1,000.00	1,700.00	320 to 700
6"		1,800.00	2,800.00	700 to 1,500

* Indicates the maximum number of residential or commercial "units" that can be served by a meter of the corresponding size.

The Fire Hydrant Meter Deposit shall be \$150.00 for local contractors and \$300.00 for out-of-town contractors. A \$25.00 Service Charge shall apply to the initial setting and each time the Fire Hydrant Meter is moved to an alternate location.

ATTACHMENT B

ENGINEERING FEES

**Special Contracts for Installation of
Public Water Facilities and Fire Services**

<u>Construction Costs</u>		<u>Charge</u>	
\$0	-	\$5,000	\$250.00
\$5,001	-	\$10,000	\$500.00
\$10,001	-	\$20,000	\$750.00
\$20,001	-	\$50,000	\$1,250.00
\$50,001	-	\$100,000	\$2,500.00
\$100,001	-	\$250,000	\$4,000.00
\$250,001	-	\$500,000	\$6,000.00
\$500,001	-	Greater	\$10,000.00

Inspection Fees

Special Contract and Fire Service Inspection Fees

Charges

\$150.00 (per day maximum) or
\$45.00 (per hour) or whichever is less

Cross Connection Inspection

Charges

\$100.00 (per trip)

Bacteriological Samples

Special Contract and Fire Service Sample Fees

Charges

\$50.00 (per trip) or
\$25.00 (per sample) or whichever is less

Section 4. The Board of CAW finds that the foregoing schedule of service fees is required to provide sufficient revenue to ensure the proper operation and maintenance of the utility.

Section 5. All of the terms of Resolution 2001-11 not specifically modified by this Resolution shall remain unchanged

Section 6. The Board of CAW duly adopts the revisions to Sections 1 and 2 of Resolution 2001-11 and the revised Schedule of Ancillary Service Charges set forth on Attachments "A" and "B" of Resolution 2001-11 with an effective date of September 12, 2002.

CERTIFICATE

I, Alma Williams, Secretary of the Board of Commissioners, Central Arkansas Water, certify that, as such Secretary, 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 September 12, 2002.

Alma Williams, Secretary

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

October 10, 2002

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, October 10, 2002, in the Third Floor Board Room of the Capitol Avenue Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present were:

Ms. Francille Turbyfill, Chair
Mr. Craig Wood, Vice Chair
Ms. M. Jane Dickey, Assistant Secretary
Mr. Eddie Powell, Commissioner
Dr. Thomas W. Rimmer, Commissioner
Mr. Claude B. Wilson, P.E., Commissioner

Absent were:

Ms. Alma Williams, Secretary

CAW staff in attendance were:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer
Mr. Dale W. Russom, P.E., Chief Operating Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Gary L. Hum, Director of Source & Treatment
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary P. Pittman, Director of Finance & Customer Service
Mr. Allen Vincent, Director of Information Services
Ms. Becky Wahlgreen, Director of Human Resources
Mr. Gerald Boon, C.P.A., Assistant Director of Finance
Mr. Dennis Yarbrow, P.E., Supervisor of Water Sources
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW

Also in attendance were:

Councilman Odis Waymack with the City of Cabot
Mr. David Langstaff, Water Production Manager for the City of Cabot
Mr. Jack Brashear, P.E., Senior Project Engineer for Garver Engineers
Ms. Brenda Scisson, Public Relations Director for Stone & Ward, Inc.
Ms. Joy Phillips, Account Executive with Stone & Ward, Inc.
Mr. John C. Kincaid, Senior Vice President of The Hathaway Group
Mr. James E. Hathaway, Jr., Vice Chairman of The Hathaway Group
Mr. Frank R. Riggins, Vice President of The Mehlburger Firm
Ms. Peggy Khoury, Reporter for the *North Pulaski Leader*
Mr. Bert King, Reporter for the *Cabot Star Herald*
Ms. Cindy Murphy, Reporter for the *Arkansas Democrat-Gazette*

Ms. Francille Turbyfill, Chair, called to order the October 10, 2002, meeting of the Board of Commissioners, Central Arkansas Water.

Chair Turbyfill welcomed guests and thanked them for attending the meeting.

Chair Turbyfill called for a motion to approve the Minutes of the September 12, 2002, meeting of the Board. Upon a motion duly made by Ms. M. Jane Dickey, Assistant Secretary, and seconded by Mr. Claude B. Wilson, Commissioner, the Board approved the Minutes to the September 2002 meeting.

Mr. John C. Kincaid, Senior Vice President of The Hathaway Group, spoke to the Board regarding a request to access water service from a private fire service for an office building under construction on North University Avenue in Little Rock. He explained that the private fire service line supplies water to the American Cancer Society building, and the site of the new construction is on University Avenue between Evergreen and H streets.

Mr. Kincaid stated that CAW had denied the development group's request to access water from the private fire service line and instead had suggested access to a public water main at a location on University Avenue north of the private fire service. Mr. Kincaid indicated that the contractor's price for the water facilities was more than \$30,000. He said CAW had provided an estimate under \$8,000 to do the work; however, he stated CAW's estimate still was not acceptable to The Hathaway Group. He requested the Board approve the connection to the private fire service line.

Mr. Eddie Powell, Commissioner, asked for staff's comments on the request from The Hathaway Group. Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer, told the Board that CAW has a long-standing policy against providing water from a private service line or from a line that serves a building under different ownership.

Commissioner Dickey inquired about the criteria that CAW staff had used in choosing the access location recommended to The Hathaway Group. Mr. Dale W. Russom, P.E., Chief Operating Officer, told the Board that the site provides for the shortest access to the public water main in University Avenue.

Commissioner Powell asked about the problems associated with allowing the use of the private fire service, as The Hathaway Group had requested. Mr. Russom responded that allowing water to cross private property could lead to future disputes as far as access to the water line, ownership of the water line, and control of water flowing to the separate buildings.

Mr. James E. Hathaway, Jr., Vice Chairman of The Hathaway Group, in an appeal to the Board, stated that the new construction would add to the tax base and development along North University Avenue and is the first major new construction in the area in the last 10 years. He further stated he was confident that the concerns mentioned by CAW staff could be worked out with an agreement between The Hathaway Group and the American Cancer Society.

Mr. Craig Wood, Commissioner, stated he felt the Board needed time to study the request before making a decision. Commissioner Dickey asked staff for additional information on the implications of granting the request. Upon a motion duly made by Commissioner Wood and seconded by Commissioner Wilson, the Board approved delaying a decision until the November 2002 Board meeting.

Mr. Steve Morgan, Director of Regionalism & Future Water Source, addressed the Board on a water purchase agreement between the City of Cabot and CAW. He told the Board that negotiations have been ongoing for 15 months and presented a 20-year draft agreement for CAW to sell water to the City of Cabot. He commended Mr. Odis Waymack, Councilman for the City of Cabot, for being instrumental in reaching the agreement.

Councilman Waymack thanked Mr. Morgan, Commissioner Dickey, and CAW staff for their help in resolving Cabot's water problems and said the proposal was a good agreement.

Mr. Morgan told the Board that the Cabot City Council would consider the agreement on October 21, 2002. Commissioner Powell asked whether the Cabot City Council had an opportunity to review the proposed agreement. Mr. Morgan stated that the City Council's October 21, 2002 consideration would be the third and final reading.

Upon a motion duly made by Commissioner Wilson and seconded by Dr. Thomas W. Rimmer, Commissioner, the Board approved the agreement between CAW and the City of Cabot.

Mr. Morgan also presented a resolution authorizing the Board Chair, Board Secretary, and CAW Chief Executive Officer (CEO) or Chief Operating Officers (COOs) to execute documents necessary for the agreement with the City of Cabot. Commissioner Dickey recommended wording modifications to clarify provisions for future changes to the contract. Upon a motion duly made by Commissioner Rimmer and seconded by Commissioner Dickey, the Board approved the resolution with the recommended changes.

Mr. Kirsch told the Board that a team consisting of Mr. Gary L. Hum, Director of Source & Treatment; Mr. Dennis Yarbrow, P.E., Supervisor of Water Sources; Mr. Rodney Johnson, Supervisor of Lake Winona; Ms. Marie A. Crawford, Director of Communications; and himself had worked on streamlining the language of the updated Rules and Regulations for Lake Maumelle and Lake Winona. He said staff had requested comments from representatives of the Grande Maumelle Sailing Club, Jolly Roger's Marina, and Arkansas Game and Fish Commission. He said only Mr. Jack Myers with the Grande Maumelle Sailing Club responded with comments. Mr. Kirsch said Mr. Hum and Mr. Yarbrow had met with Mr. Myers on language changes.

Upon a motion duly made by Commissioner Wood and seconded by Commissioner Powell, the Board approved the updated Rules and Regulations for Lake Maumelle and Lake Winona.

Mr. Russom addressed the Board on the replacement of water mains in various locations south of Interstate 630 and east of University Avenue in Little Rock. Commissioner Wood inquired about the criteria for the replacements. Mr. Russom responded that CAW currently is focusing on replacing galvanized lines that are more than 50 years old and past the useful service life. Commissioner Wood asked whether the water main replacements were occurring within the CAW service area on both the north and south sides of the Arkansas River. Mr. Russom responded that water main replacements were the focus on the south side and fire flow improvements were the focus on the north side.

Upon a motion duly made by Commissioner Dickey and seconded by Commissioner Wood, the Board approved the main replacements.

Mr. Gary P. Pittman, Director of Finance & Customer Service, presented to the Board a financial report for the period January 1, 2002, through September 30, 2002, and an update on the Water Revenue Bond Issue that CAW closed on October 1, 2002.

Mr. Gerald Boon, C.P.A., Assistant Director of Finance, presented a preview of the 2003 Financial Plan and informed the Board of projected capital expenditures.

Chair Turbyfill thanked Mr. Pittman and Mr. Boon for the financial report and budget review.

Ms. Becky Wahlgreen, Director of Human Resources, presented to the Board an overview of the activities and responsibilities of the Human Resources Section. Ms. Wahlgreen reviewed the various job positions within the section and the corresponding duties. She further presented organizational and demographic information on the Central Arkansas Water

employee population; key accomplishments in the integration of employee programs following the merger; and upcoming projects for the Human Resources Section. Ms. Wahlgreen concluded by thanking the Board for its support of CAW employees.

Commissioner Powell thanked Ms. Wahlgreen for an informative presentation.

Mr. Allen Vincent, Director of Information Services (IS), presented to the Board an update on the Information Services Department. He explained that computers throughout CAW are replaced on a rotation system in order to keep replacement costs reasonable. Mr. Vincent demonstrated a new computerized security system that monitors indoor and outdoor facilities at the Jack H. Wilson Water Treatment Plant. He told the Board that the demonstration was “real time” (live) video. He also reported on electronic billing (“E-billing”), a computerized system that gives customers the ability to view their current bills and billing history and to pay their bills on-line.

Commissioner Wood thanked Mr. Vincent for his presentation.

Mr. Morgan updated the Board on the following regionalism activities:

- CAW recently received from the North Pulaski Waterworks Association a study on the association’s water system. CAW staff will review the study and report back to the Board next month.
- Woodland Hills currently is using wells for its water supply and is in contract negotiations with CAW. Next month, CAW expects to have a draft contract for the Board. (Woodland Hills, a community in Saline County, is requesting a minimum of 50,000 gallons per day and a maximum of 300,000 gallons per day.)
- CAW currently is in negotiations with the City of Bryant on a new service contract. (The City of Bryant has requested an increase in its maximum daily allowance.)
- The University of Arkansas at Little Rock (UALR) expects to complete by next month the water study for Saline County and its 17 area water user groups.
- Black & Veatch Corporation will present a progress report on the Mid-Arkansas Regional Water Supply Study on October 24, 2002, at CAW’s Maryland Avenue Complex. The report will include recommendations on future water source alternatives. Mr. Russom stated that there has been very productive dialogue on alternative water sources.

Commissioner Powell asked whether the study was a direct result of the merger between Little Rock Municipal Water Works and the North Little Rock Water Department. Mr. Jim Harvey, Chief Executive Officer, stated that without the merger, there would not have been the tremendous regional cooperation on the future source study. He further stated that CAW’s new structure made negotiations with the City of Cabot much easier.

Mr. Harvey reported to the Board on the following items:

- He suggested the audio recording of the monthly Board meetings. Commissioner Wood asked whether hand-written notes still would be a part of the record-keeping process. Mr. Harvey responded affirmatively. The Board approved the production of audio recordings of the monthly Board meetings.
- CAW allows a customer credit of 50% for excess water usage caused by a leak or plumbing problem. The policy requires that the customer provide a copy of the repair receipt or plumber’s statement. In the past, Little Rock Wastewater Utility refunded

100% of the cost of excess usage but, in October 2001, changed the credit amount to 50%.

- CAW offers a benefit of tuition reimbursement for full-time employees who take college courses related to their jobs. CAW pays 100% of the tuition if the employee receives a grade of C or better. The reimbursement formula is based upon UALR's fee/tuition schedule. If an employee earns a grade of B or better, the employee receives an additional \$15 per course hour to assist with additional college fees. The policy allows an employee to enroll in up to eight hours per semester. Commissioner Wood asked whether CAW would assist employees with non-job-related courses to further their education and increase their opportunities to get a better job within the CAW organization. He said he believes CAW needs to encourage all employees to further their education and give them the opportunity to do so. Mr. Harvey stated CAW supports employee enrollment in college and technical courses and anonymously works with employees who desire literacy training.
- At a regular meeting on Monday, October 14, 2002, the North Little Rock City Council will discuss CAW's Minimum Monthly Charge on sprinkler meters during winter months of non-usage.
- There will be a change order for work on the new Lake Maumelle intake because the required depth of the piers in the lake is much deeper than originally planned. The change order will be brought before the Board at the November meeting.

In response to Commissioner Wood's question regarding the status of CAW's vulnerability assessment, Mr. Kirsch told the Board that staff would meet October 15, 2002, with Tetra Tech, Inc., the consultant on the vulnerability assessment. He said the consultant should complete the draft report by November 2002. Commissioner Wood asked whether the report would be subject to the Arkansas Freedom of Information Act (FOIA). Mr. Harvey responded that under current state law the report would be subject to the FOIA. He further stated that work is being done to provide legislation that would exempt public utilities from disclosing information contained in their vulnerability assessments. Commissioner Wood asked whether other governmental agencies are involved in vulnerability assessments and, if so, CAW might consider joining with them in an effort to lobby for state legislation exempting vulnerability assessments from public disclosure.

Chair Turbyfill questioned the status of the Mountain Crest Subdivision project (northwest area of CAW boundaries). Mr. Russom responded that CAW has received some easements for review but has received no signed easements, to date.

Ms. Crawford updated the Board on the communications audit and other communications program planning in progress. She introduced Ms. Brenda Scisson and Ms. Joy Phillips, Public Relations Director and Account Executive, respectively, with Stone & Ward, Inc. Ms. Scisson thanked the Board for the opportunity to assist CAW in the development of a strategic marketing plan.

With there being no further business, the Board adjourned the meeting at 4:20 p.m.

ATTEST:

APPROVED:

Craig Wood, Vice Chair

Francille Turbyfill, Chair

M. Jane Dickey, Assistant Secretary

Eddie Powell, Commissioner

Thomas W. Rimmer, Commissioner

Claude B. Wilson, Commissioner

RESOLUTION NO. 2002- 09

A RESOLUTION AUTHORIZING CENTRAL ARKANSAS WATER TO ENTER INTO A WATER SUPPLY CONTRACT WITH THE CITY OF CABOT, ARKANSAS; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, Central Arkansas Water (“CAW”) desires to sell, and the City of Cabot, Arkansas (“Cabot”) desires to buy, potable water; and

WHEREAS, CAW and Cabot desire to share equitably in the cost of designing, developing and constructing a transmission pipeline to deliver such potable water to Cabot; and

WHEREAS, CAW and Cabot desire to memorialize the terms and conditions of their agreement to sell and buy potable water;

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

Section 1. The Agreement by and between CAW and Cabot, in substantially the form presented to this Board, for the sale of water by CAW to Cabot and other matters related thereto is hereby approved; each or any of the Chair, Secretary, Chief Executive Officer or the Chief Operations Officers is hereby authorized to execute such Agreement on behalf of CAW; and such approval of any amendment to the form presented to the Board shall be conclusively evidenced by their execution and delivery of the same; and

Section 2. Each or any of the Chair, Secretary, Chief Executive Officer or Chief Operations Officers be and hereby are authorized and directed to execute all documents, instruments and certificates required or necessary to carry out the foregoing sections of this resolution and take all other actions necessary or desirable in connection with the foregoing sections of this resolution.

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

ADOPTED: October 10, 2002

ATTEST:

APPROVED:

M. Jane Dickey, Assistant Secretary

Francille Turbyfill, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, M. Jane Dickey, Assistant Secretary of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2002-09 of the Resolutions of Central Arkansas Water, entitled: **A RESOLUTION AUTHORIZING CENTRAL ARKANSAS WATER TO ENTER INTO WATER SUPPLY CONTRACT WITH THE CITY OF CABOT, ARKANSAS; AND PRESCRIBING OTHER MATTERS RELATING THERETO**, adopted October 10, 2002.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of October, 2002.

M. Jane Dickey, Assistant Secretary
Board of Commissioners, Central Arkansas Water

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

November 14, 2002

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, November 14, 2002, in the Third Floor Board Room of the Capitol Avenue Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present were:

Ms. Francille Turbyfill, Chair
Mr. Craig Wood, Vice Chair
Ms. M. Jane Dickey, Assistant Secretary
Mr. Eddie Powell, Commissioner
Dr. Thomas W. Rimmer, Commissioner
Mr. Claude B. Wilson, P.E., Commissioner

Absent was:

Ms. Alma Williams, Secretary

CAW staff in attendance were:

Mr. Jim Harvey, Chief Executive Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary P. Pittman, Director of Finance & Customer Service
Mr. Allen Vincent, Director of Information Services
Ms. Connie Horn, Management Secretary
Ms. Kathy Graves, Attorney for CAW

Also in attendance were:

Mr. Kirby Rowland, P.E., Vice President of Garver Engineers
Mr. Mike Marlal, P.E., President of Marlal Engineering Company, Inc.
Ms. Brenda Scisson, Public Relations Director for Stone & Ward, Inc.
Ms. Kara Lee Ford, Senior Public Relations Account Executive with Stone & Ward, Inc.
Mr. John C. Kincaid, Senior Vice President of The Hathaway Group
Mr. Stephen Koch, Reporter for the *North Pulaski Leader*
Ms. K.J. Longley, Reporter with *The Times* of North Little Rock
Ms. Cindy Murphy, Reporter for the *Arkansas Democrat-Gazette*

Ms. Francille Turbyfill, Chair, called to order the November 14, 2002, meeting of the Board of Commissioners, Central Arkansas Water. Chair Turbyfill next welcomed guests and thanked them for attending the meeting.

Chair Turbyfill called for a motion to approve the Minutes of the October 10, 2002, meeting of the Board. Upon a motion duly made by Ms. M. Jane Dickey, Assistant Secretary, and seconded by Mr. Claude B. Wilson, Commissioner, the Board approved the Minutes to the October 2002 meeting.

Mr. Jim Harvey, Chief Executive Officer, announced the appointment of Mr. Jim Ferguson, P.E., as the new Director of Engineering. The Board congratulated Mr. Ferguson on his promotion.

Mr. Ferguson addressed the Board on a request from The Hathaway Group to obtain water service through a private fire service main for a project on North University Avenue in Little Rock. (The request had been brought before the Board at the October 2002 meeting and the Board requested a staff report on the history of the property and more information on staff's recommendation regarding the request. The Hathaway Group is planning the construction of a new office building.) Mr. Ferguson informed the Board of CAW's existing policy against providing water from a private service line or from a line that serves buildings under different ownership.

Mr. John C. Kincaid, Senior Vice President of The Hathaway Group, addressed the Board. He thanked the Board for allowing him to comment on the request. Mr. Kincaid stated he was aware he was asking the Board to deviate from policy but would like the Board to consider the advantages to granting the request. He told the Board that he has obtained a bill of assurance from the American Cancer Society, the fire service owner, that requires the office building owner and the society each to have 50 percent maintenance responsibility for the fire service.

Mr. Claude B. Wilson, Commissioner, told Mr. Kincaid that if CAW granted The Hathaway Group's request, the Board would have to grant similar future requests.

Chair Turbyfill reminded the Board that CAW had offered to install the service for The Hathaway Group for under \$8,000, which is less than one-third the cost quoted by a private contractor.

Dr. Thomas W. Rimmer, Commissioner, asked staff the reason for not converting the private fire service line into a public water line. Mr. Ferguson stated that though private service lines are constructed to Arkansas Department of Health standards, the facilities are not constructed to CAW standards. In addition, he said the type of water line (material) and condition of the fire service line are unknown.

Mr. Kincaid stated he is willing to enter into an agreement with CAW to bring the line up to CAW standards.

After the Board reviewed a schematic drawing of the property site, and upon a motion duly made and seconded, the Board denied the request by The Hathaway Group.

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

- A contract with U. S. Filter Wallace & Tiernan for replacement of a lime slaker at the Ozark Point Water Treatment Plant
- The purchase of computer software from Software Housing International for the upgrade of personal computers

Mr. Gary P. Pittman, Director of Finance & Customer Service, presented to the Board a resolution to amend Resolution 2001-11/Schedule of Ancillary Service Charges. The amending resolution lowers billing fees charged to Little Rock Wastewater Utility (LRWU). Effective in September 2002, LRWU started using winter-average billing methodology, which results in lower cost for CAW to handle the utility's monthly customer billing and collection. Upon a motion duly made and seconded, the Board approved the amending resolution.

Mr. Pittman presented to the Board an overview of the Finance & Customer Service Department. He told the Board that the business of the department is "service to customers and co-workers." He informed the Board that the department consists of four sections: Finance Management, Purchasing, Accounting, and Customer Service. He went on to describe the various functions of the four sections.

In response to Mr. Pittman's report on the number of calls received by the Customer Service Center, Commissioner Wood asked whether staff had considered using in-home customer representatives. Mr. Pittman responded that it had been discussed in the past.

Mr. Pittman informed the Board of the various payment methods available to customers. He noted that the most cost-effective method and CAW's preferred method is automated bank draft. Commissioner Dickey inquired about promotional efforts to encourage customers to use the bank debit option. Mr. Pittman responded that CAW waives the \$35 deposit for customers who sign up for the Automatic Payment Program.

Mr. Pittman reported that CAW uses both full-time and part-time employees for monthly meter reading. He said all employees must wear identification badges, but part-time employees do not wear uniforms. Following discussion, Mr. Harvey stated that he believed uniforms might make it easier for customers to identify part-time employees.

The Commissioners thanked Mr. Pittman for his excellent presentation and stated it is important to keep up-to-date on the operations of the various departments within CAW. They also stated they would appreciate future updates from the staff directors.

Mr. Morgan updated the Board on the following regionalism activities:

- The U.S. Army Corps of Engineers within the next few weeks plans to release the final findings in the Mid-Arkansas Regional Water Supply Study.
- The University of Arkansas at Little Rock (UALR) on November 19, 2002, will release the findings of the Saline County water study.
- At its last meeting, the Cabot City Council unanimously approved the resolution for the City of Cabot to purchase water from CAW.
- The draft service contract with Woodland Hills is almost complete and should be ready to present to the Board next month. (Woodland Hills, a community in Saline County, is requesting a minimum of 50,000 gallons per day and a maximum of 300,000 gallons per day.)

Mr. Morgan also updated the Board on the following water source protection activities:

- The purchase of 160-acres of land located at the western end of Lake Maumelle is still on hold. (Ownership of the land is in dispute in a court case.)
- An appraisal is under way on a 60-acre tract on the north side of Lake Maumelle within the Lake Maumelle Watershed. The property owner is Mr. Steve Albert. (This 60-acre tract is on the high priority watershed acquisition listing for Lake Maumelle.)
- Five additional acres near the 160-acre tract may be available for acquisition.
- Talks are under way with Soterra, Inc., in regard to 2,400 to 3,000 acres within the Lake Maumelle Watershed.
- Mr. Jack McCray of Deltic Timber Corporation is developing an inside development analysis of the corporation's 794 acres located on the south side of Lake Maumelle within the Lake Maumelle Watershed.

Mr. Harvey briefed the Board on the following:

- The Arkansas Department of Health created a task force to review cross-connection control regulations. The Arkansas State Board of Health will consider the task group's recommendation at its January 2003 meeting.

- In the next few weeks, the Distribution Department will take a 36-inch-diameter transmission main out of service for repair. The location of the water main is Interstate 630 at Broadway in Little Rock. Mr. Harvey said there is a leak on the water line and the fall of the year, CAW's low demand period, is the best time of year to make the repair.
- He provided updates on the water utility's policies concerning E-mail use by employees, employee drug testing, and employee requirements to drive utility vehicles.

Chair Turbyfill called for an Executive Session to discuss personnel matters. The Board convened in Executive Session at 3:20 p.m. The Board re-convened in Open Session and announced that no action would be taken.

With there being no further business, the Board adjourned the meeting at 3:40 p.m.

ATTEST:

APPROVED:

Craig Wood, Vice Chair

Francille Turbyfill, Chair

M. Jane Dickey, Assistant Secretary

Eddie Powell, Commissioner

Thomas W. Rimmer, Commissioner

Claude B. Wilson, Commissioner

RESOLUTION 2002-10

A RESOLUTION TO AMEND RESOLUTION 2001-11 AND TO CLARIFY THE ANCILLARY SERVICE CHARGES THAT CENTRAL ARKANSAS WATER WILL CHARGE TO ITS CUSTOMERS FOR SERVICES ASSOCIATED WITH PROVIDING WATER SERVICE AND FOR OTHER PURPOSES

WHEREAS, the Board of Commissioners (the "Board"), Central Arkansas Water ("CAW"), in Resolution 2001-11, as adopted on October 11, 2001, established ancillary service charges within the CAW distribution system (the "System"); and

WHEREAS, the Board desires to amend Section 3.

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

Section 1. Section 3 of Resolution 2001-11, adopted on October 11, 2001, is hereby amended and restated in its entirety as follows:

The following ancillary service fees are established for billing services to other entities:

<u>Customer</u>	<u>Charge</u>
Little Rock Wastewater Utility	\$0.70
Wrightsville Sewer	\$0.90
NLR Wastewater	\$0.70
LR Sanitation	\$0.40
Pulaski County Sanitation	\$0.40
Arch St. Improvement District	\$0.45
Higgins Improvement District	\$0.64
Spring Valley Improvement District	\$0.77

Section 2. The Board of CAW finds that the foregoing schedule of service fees is required to provide sufficient revenue to ensure the proper operation and maintenance of the utility.

Section 3. All of the terms of Resolution 2001-11 not specifically modified by this Resolution shall remain unchanged

Section 4. The Board of CAW duly adopts the revised Schedule of Ancillary Service Charges set forth in Section 1 hereof effective as of September 1, 2002.

CERTIFICATE

I, M. Jane Dickey, Assistant Secretary of the Board of Commissioners, Central Arkansas Water, certify that, as such Assistant Secretary, 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 November 14, 2002.

M. Jane Dickey, Assistant Secretary

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

December 12, 2002

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, December 12, 2002, at the Clearwater Operations/Maintenance Complex. The building location is 5300 South Shackleford in Little Rock, Arkansas.

Present were:

Ms. Francille Turbyfill, Chair
Mr. Craig Wood, Vice Chair
Ms. M. Jane Dickey, Assistant Secretary
Mr. Eddie Powell, Commissioner
Dr. Thomas W. Rimmer, Commissioner

Absent were:

Ms. Alma Williams, Secretary
Mr. Claude B. Wilson, P.E., Commissioner

CAW staff in attendance were:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer
Mr. Dale W. Russom, P.E., Chief Operating Officer
Mr. Stan Benton, Director of Distribution
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary P. Pittman, Director of Finance & Customer Service
Mr. Gerald Boon, C.P.A., Assistant Director of Finance
Ms. Connie Horn, Management Secretary
Ms. Kathy Graves, Attorney for CAW

Also in attendance were:

Mr. Dee Brown, P.E., Manager of Electrical Engineering for Garver Engineers
Mr. Brode Morgan, P.E., Vice President of Garver Engineers
Mr. Kirby Rowland, P.E., Vice President of Garver Engineers
Ms. Millie Ward, President of Stone & Ward public relations firm
Ms. Brenda Scisson, Public Relations Director for Stone & Ward
Ms. Rhonda Zahnen, Director of Account Management for Stone & Ward
Ms. Kara Lee Ford, Senior Public Relations Account Executive for Stone & Ward
Ms. Joy Phillips, Account Executive for Stone & Ward
Ms. K.J. Longley, Reporter with *The Times* of North Little Rock
Ms. Cindy Murphy, Reporter for the *Arkansas Democrat-Gazette*

Ms. Francille Turbyfill, Chair, called to order the December 12, 2002, meeting of the Board of Commissioners, Central Arkansas Water. Chair Turbyfill next welcomed guests and thanked them for attending the meeting.

Chair Turbyfill called for a motion to approve the Minutes of the November 14, 2002, meeting of the Board. Upon a motion duly made by Mr. Craig Wood, Vice Chair, and seconded by Mr. Eddie Powell, Commissioner, the Board approved the Minutes to the November 2002 meeting.

Mr. Jim Harvey, Chief Executive Officer, told the Board that there has been a lot of very important work done at the Lake Maumelle Pumping Station. He introduced Mr. Dee Brown, Manager of Electrical Engineering for Garver Engineers, for an update on related projects.

Mr. Brown said Mr. Brode D. Morgan, Vice President of Garver Engineers, and he would provide the update and answer questions the Board may have regarding ongoing or future projects at the Lake Maumelle Pumping Station. Mr. Brown covered the various work being performed by Garver Engineering for CAW. He noted that the projects include the updating of electrical engineering drawings; maintenance of the "extranet" website, which contains data; Supervisory Control and Data Acquisition System (SCADA) design, and intermediate pumps at the Jack H. Wilson Water Treatment Plant; modification of sludge programming; and upgrading of electrical engineering. He also told the Board that the engineering firm had created a Master Plan for the Lake Maumelle Pumping Station that details upcoming projects. Following questions about technical details mentioned during the presentation, Mr. Morgan thanked the Water Commissioners for the opportunity to address them and thanked the Board and staff for granting Garver Engineers the opportunity to assist the utility with various projects.

Mr. Gerald Boon, C.P.A., Assistant Director of Finance, addressed the Board regarding technical corrections to the CAW Employees Savings Plan. Mr. Boon explained that the corrections are required for compliance with recent regulatory changes in the U.S. Internal Revenue Service Code Section 401(a). Upon a motion duly made by Commissioner Powell and seconded by Dr. Thomas W. Rimmer, Commissioner, the Board approved the technical corrections to the 401(a) Plan.

Mr. Gary P. Pittman, Director of Finance & Customer Service, updated the Board on a request from the Woodland Ridge Suburban Sewer Improvement District No. 226 of Pulaski County for CAW to provide monthly customer billing services for the district. He recommended approval of draft Resolution 2002-12, which would amend Resolution 2001-11/Schedule of Ancillary Service Charges and set CAW's servicing fee to the district at 77 cents per bill per month. Upon a motion duly made by Ms. M. Jane Dickey, Assistant Secretary, and seconded by Commissioner Wood, the Board approved the amending resolution. (The Woodland Ridge improvement district is located in Pulaski County in the Hilario Springs Road area.)

Mr. Stan Benton, Director of Distribution, briefed the Board on the operations, functions, plans, and challenges of the Distribution Department. He described the department's organizational structure; the various water system infrastructure (pipeline, pumping stations, etc.) that the department installs and/or maintains; and the department's relationship to other operational areas of CAW. The Commissioners thanked Mr. Benton for his presentation.

Ms. Marie A. Crawford, Director of Communications, addressed the Board on the development of a Strategic Marketing Plan for CAW. In reviewing the past year's research and planning, she noted the research revealed a majority of employees, customers, and community leaders believe the merger was a positive step and revealed positive opinions about CAW among the three groups. She said the research also indicated clear opportunities for improvement in employee and consumer relations, particularly with regard to the timeliness, accuracy, and completeness of important information. In introducing the representatives of Stone & Ward public relations firm, she noted the research significantly impacted the content of the Strategic Marketing Plan that the firm would present. Following the presentation, Ms. Crawford recommended the approval of the plan, as well as a Request for Qualifications process to select a marketing firm to assist with next year's implementation. After a lengthy discussion, the Board unanimously approved the elements of the Strategic Marketing Plan and the RFQ process.

Mr. Pittman presented the 2003 Financial Plan. He reviewed the Statement of Revenues & Expenses and Mr. Boon covered the Sources & Uses of Funds. Mr. Pittman indicated that expenses were budgeted to increase by 1.8%, which is below the Consumer Price Index of 2.0%. In response to discussion about the economy, Mr. Boon confirmed that the budget included an average 3.5% wage increase. Mr. Harvey explained that the percentage was reached after comparing wage increases proposed by the cities of Little Rock and North Little

Rock, Little Rock Wastewater Utility, and other comparable entities. They noted that with a full year of System Development Charges in 2003 and the 2002 Bond Issue, Other Revenues/Expenses would increase by 8.85%. Upon a motion duly made by Commissioner Dickey and seconded by Commissioner Rimmer, the Board approved the 2003 Financial Plan.

During a discussion on the renovation of the Paragon Building at 311 East Capitol Avenue and the proposed purchase of a parking lot at the southeast corner of the intersection of Cumberland and East Sixth streets, Commissioner Wood questioned the need to purchase additional parking space at this time. Mr. Bruno Kirsch, Jr., Chief Operating Officer, cited several reasons to purchase available space in 2003: A shortage of parking spaces at the Capitol Avenue Building, additional employees and utilities to be assigned to the Paragon Building, and the fact that the available lot is on the market well below its appraised value.

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

- a. The purchase of annual water treatment chemical requirements from Carus Chemical Company, Global Stone St. Clair, Inc., Pennco, Inc., General Chemical Corporation, Allied Universal Corporation, Harcros Chemical Company, Ecotech Enterprises, Inc., Calgon Carbon Corporation, and LCI, Ltd.
- b. A one-year extension to the annual surveying services contract with Garver Engineers
- c. A one-year extension to the annual electrical engineering services contract with Garver Engineers
- d. A one-year extension to the annual hydraulic calibration services contract with Carter-Burgess, Inc.
- e. An annual vehicle maintenance contract with SKE Services, Inc.
- f. A one-year extension to the annual appraisal and land acquisition contracts with Barnes, Quinn, Flake & Anderson, Inc.; Ronald E. Bragg, Inc.; MAI; and Reynolds Appraisal, Inc.
- g. An architectural services contract with Taggart Foster Currence Gary Architects, Inc., for the construction of a maintenance building at the Wilson Plant
- h. An engineering services contract with USInfrastructure, Inc., for the installation of 24-inch-diameter water main from Rodney Parham Road to the Arkansas River (to improve flows north of the of the Arkansas River)
- i. An engineering services contract with Marlar Engineering Company, Inc. for fire flow improvements north of the river
- j. The relocation of 1,500 linear feet of 30-inch-diameter transmission water main along Crystal Hill Road (Arkansas Highway 100) to accommodate an Arkansas Highway and Transportation Department road widening and realignment project
- k. A change order for the new Lake Maumelle Pumping Station intake project (The change order involves the installation of a retaining wall to support the additional fill material required for the extended construction site and adjustments to the orientation of the switchgear building. The adjustments to the building orientation will align the switchgear building with the existing control building.)

- l. The purchase of the parking lot located at Cumberland and Sixth Streets from the Donaghey Foundation.
- m. The purchase of computer hardware and software from Strategic Technologies, Inc., for an upgrade of the AS400 data warehouse/E-mail service

Mr. Steve Morgan, Director of Regionalism & Future Water Source, presented a resolution and 20-year water supply agreement between CAW and the Saline County Waterworks & Sanitary Sewer Public Facilities Board (Woodland Hills community). He told the Board that the Woodland Hills commission would consider the contract at an evening meeting. Upon a motion duly made by Commissioner Rimmer and seconded by Commissioner Wood, the Board approved the resolution and agreement with Woodland Hills.

Mr. Morgan also updated the Board on the following regionalism activities:

- 1. January 16, 2003, is the tentative date that Black & Veatch Corporation and the Little Rock District Office of the U.S. Army Corps of Engineers would present the final recommendations in the Mid-Arkansas Regional Water Supply Study.
- 2. The 14 municipal and water user group participants in the Saline County water study are meeting today to discuss the implementation of the final recommendations of the University of Arkansas at Little Rock task group.
- 3. CAW is continuing talks with Sardis Water Association on a supply agreement and staff possibly might have a proposed agreement for the Board's January 2003 meeting.
- 4. Salem Water Association's supply contract with the City of Benton allows the association to secure an alternate water source and CAW is talking with the association about the possibility of CAW's providing the alternate supply.

Mr. Harvey briefed the Board on the following:

- 1. CAW now has agreements for the North Little Rock Fire Department to annually inspect fire hydrants within the city. An agreement already was in place with the Little Rock Fire Department.
- 2. The Little Rock Parks & Recreation Department would like to develop a Boy Scouts of America camping area in Reservoir Park, which is located next to CAW's Jackson Reservoir. Mr. Harvey said he would be meeting with Mr. Bryan Day, city parks director, to discuss the possible trade of land at the park site for concessions on the telecommunications tower lease income for installations on CAW facilities within the City of Little Rock.
- 3. CAW is receiving a significant number of requests from telecommunications companies for the placement of antennae on CAW water tanks. Utility staff has several concerns regarding the requests: Access within the water tanks by CAW personnel is very limited with the telecommunications cables that already are in place at certain locations; security of CAW property; and the question of benefit to CAW. Under the Consolidation Agreement, the City of Little Rock receives 85% of lease income and CAW receives only 15% of the income from leases within the city limits.
- 4. The CAW Website Committee will meet next week to set forth a plan to improve the format, content, and customer-friendliness of the utility's Internet site. Stone & Ward has recommended several changes that would improve the look and accessibility of the site. Mr. Harvey inquired as to whether the Board would be interested in receiving

information for the monthly Board meetings through E-mail and website postings. The Board thought the increased E-mail communications and the postings were good ideas.

With there being no further business, the Board adjourned the meeting at 4:40 p.m.

ATTEST:

APPROVED:

Craig Wood, Vice Chair

Francille Turbyfill, Chair

M. Jane Dickey, Assistant Secretary

Eddie Powell, Commissioner

Thomas W. Rimmer, Commissioner

RESOLUTION NO. 2002- 11

A RESOLUTION AUTHORIZING CENTRAL ARKANSAS WATER TO ENTER INTO A WATER SUPPLY CONTRACT WITH THE SALINE COUNTY WATERWORKS & SANITARY SEWER PUBLIC FACILITIES BOARD; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, Central Arkansas Water (“CAW”) desires to sell, and the Saline County Waterworks & Sanitary Sewer Public Facilities Board (“Woodland Hills”) desires to buy, potable water; and

WHEREAS, CAW and Woodland Hills desire to share equitably in the cost of designing, developing and constructing a transmission pipeline in an equitable manner to deliver such potable water to Woodland Hills; and

WHEREAS, CAW and Woodland Hills desire to memorialize the terms and conditions of their agreement to sell and buy potable water;

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

Section 1. The Agreement by and between CAW and Woodland Hills, in the form presented to this Board, for the sale of water by CAW to Woodland Hills and other matters related thereto is hereby approved, each or any of the Chair, Secretary, Chief Executive Officer or the Chief Operations Officers is hereby authorized to execute such Agreement on behalf of CAW; and such approval of any amendment to the form presented to the Board shall be conclusively evidenced by their execution and delivery of the same; and

Section 2. Each or any of the Chair, Secretary, Chief Executive Officer or Chief Operations Officers be and hereby are authorized and directed to execute all documents, instruments and certificates required or necessary to carry out the foregoing sections of this resolution and take all other actions necessary or desirable in connection with the foregoing sections of this resolution.

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

ADOPTED: December 12, 2002

ATTEST:

APPROVED:

M. Jane Dickey, Assistant Secretary

Francille Turbyfill, Chair

RESOLUTION 2002-12

A RESOLUTION TO AMEND RESOLUTION 2001-11 AND TO CLARIFY THE ANCILLARY SERVICE CHARGES THAT CENTRAL ARKANSAS WATER WILL CHARGE TO ITS CUSTOMERS FOR SERVICES ASSOCIATED WITH PROVIDING WATER SERVICE AND FOR OTHER PURPOSES

WHEREAS, the Board of Commissioners (the "Board"), Central Arkansas Water ("CAW"), in Resolution 2001-11, as adopted on October 11, 2001, established ancillary service charges within the CAW distribution system (the "System"); and

WHEREAS, the Board desires to amend Section 3.

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

Section 1. Section 3 of Resolution 2001-11, adopted on October 11, 2001, is hereby amended and restated in its entirety as follows:

The following ancillary service fees are established for billing services to other entities:

<u>Customer</u>	<u>Charge</u>
Little Rock Wastewater Utility	\$0.70
Wrightsville Sewer	\$0.90
NLR Wastewater	\$0.70
LR Sanitation	\$0.40
Pulaski County Sanitation	\$0.40
Arch St. Improvement District	\$0.45
Higgins Improvement District	\$0.64
Spring Valley Improvement District	\$0.77
Woodland Ridge Improvement District	\$0.77

Section 2. The Board of CAW finds that the foregoing schedule of service fees is required to provide sufficient revenue to ensure the proper operation and maintenance of the utility.

Section 3. All of the terms of Resolution 2001-11 not specifically modified by this Resolution shall remain unchanged

Section 4. The Board of CAW duly adopts the revised Schedule of Ancillary Service Charges set forth in Section 1 hereof effective as of January 1, 2003.

CERTIFICATE

I, M. Jane Dickey, Assistant Secretary of the Board of Commissioners, Central Arkansas Water, certify that, as such Assistant Secretary, 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 December 12, 2002.

M. Jane Dickey, Assistant Secretary