

**Central Arkansas Water
Waterview Estates, L.L.C., et. al.**

SUMMARY OF SETTLEMENT AGREEMENT

Central Arkansas Water (“CAW”) and Waterview Estates, L.L.C., et. al. (“Waterview Estates or Waterview Estates Landowners”), intend for this Summary (“Summary”) of the Settlement Agreement (“Agreement”) between CAW and the Waterview Estates Landowners to be only an overview and guide to the various provisions of the negotiated Agreement. The parties do not intend for language in this Summary to substitute the legal language of the Agreement, itself, and if the language of the Summary conveys unintended difference in meaning between the Summary and the Agreement, the language of the Agreement is the binding language.

Parties: Central Arkansas Water
Specified Waterview Estates, L.L.C., et.al., Landowners (9 landowners)

Purpose: To settle Civil Case #CV-2004-5428, Fifth Division, Circuit Court of Pulaski County, Arkansas – land condemnation lawsuit filed by CAW against Waterview States, L.L.C., et. al.

Section 1: Recitals.

The parties acknowledge the accuracy of the recitals contained in the Agreement and intend the recitals to be contractual in nature.

Section 2: Withdrawal from Watershed.

This section describes the removal of lands from the Lake Maumelle Watershed by means of the Diversion Ditch and describes the method of construction, ownership, and maintenance of the Diversion Ditch. This section also provides that the Waterview Estates Landowners may develop the withdrawn lands as the landowners deem desirable.

This section includes the provision of temporary and permanent Diversion Ditch easements and the formation of an Improvement District to maintain the Diversion Ditch. In addition, this section includes the provision of the covenant that, until the execution and recording of the Conservation Easement, the landowners will conduct no activities on the conserved lands, except as the activities pertain to the Diversion Ditch construction.

Section 3: Conservation Easements.

This section provides that the Waterview Estates Landowners will execute a Conservation Easement (Exhibit D) on condemnation-action acquired lands not withdrawn by the Diversion Ditch. The section further provides that CAW will participate in and approve the program for Conservation Easement management, which includes the forest management plan, the wildlife management plan, and the vegetation management plan.

Section 4: Settlement.

This section provides that CAW, upon execution of this Agreement, will pay the Waterview Estates Landowners \$1,000,000 to settle the land condemnation lawsuit.

Section 5: Indemnity.

The Waterview Estates Landowners agree to indemnify CAW against claims that any third party may bring against CAW regarding construction and maintenance of the Diversion Ditch.

Section 6: Identification of Lands.

This Section refers to Exhibit E, which contains a map identifying Waterview Estates Lands and delineating the lands withdrawn from the Lake Maumelle Watershed.

Section 7: Water Provision to Waterview Landowners.

This Section discusses CAW's responsibility to provide the Waterview Estates Landowners with potable water either directly or indirectly, if the Waterview Estates Landowners develop and maintain Waterview Estates Lands depicted in Exhibit E in a manner consistent with this Agreement.

Section 8: Assurances to Work Together.

This Section states that CAW and the Waterview Estates Landowners with property elsewhere in the Lake Maumelle Watershed pledge to work together to implement a comprehensive watershed management plan, which would allow for development of private land within a framework of standards that protects the water quality of the lake as a drinking water supply reservoir.

Section 9: Dismissal of Pending Actions.

This section provides for CAW and Waterview Estates, L.L.C., et. al., to petition the Circuit Court to dismiss the pending land condemnation action with prejudice, upon the execution of this Agreement.

Section 10: Miscellaneous.

This section is standard legal boilerplate for agreements of this nature.

EXHIBITS

Exhibit A – Legal Description of “Taken Waterview Lands”

This exhibit provides a legal description of the 301 acres of Waterview Estates Lands in Critical Area A (of the Lake Maumelle Watershed Management Plan) that were the subject of CAW's land condemnation lawsuit.

Exhibit B – Diversion Ditch Map

This exhibit includes a map of the approximate location of the proposed Diversion Ditch that will separate the 301 acres into (1) lands removed from the Lake Maumelle Watershed by virtue of the Diversion Ditch and (2) lands remaining in the Lake Maumelle Watershed and subject to the Conservation Easement, as shown in Exhibit D. The exact location of the Diversion Ditch is subject to survey and final engineering design.

Exhibit C – Diversion Ditch Construction and Maintenance Plan

This Diversion Ditch Construction and Maintenance Plan addresses the issues that CAW and the water utility's consulting engineer, CH₂MHill, raised regarding the initial Diversion Ditch proposal. This plan addresses Diversion Ditch design and construction issues. CAW has review authority over the final Diversion Ditch design before any construction may commence on the Diversion Ditch. CAW has the right to inspect the Diversion Ditch under construction.

In addition, the Diversion Ditch Construction and Maintenance Plan includes a dispute resolution procedure for such instances if disagreements arise between CAW and the Waterview Estates Landowners or Improvement District. The plan also includes detailed sedimentation and erosion controls over and above the current State of Arkansas standards. A sedimentation and erosion control plan is part of the Diversion Ditch construction and design plan that CAW must approve before the commencement of construction on the Diversion Ditch. The sedimentation and erosion control plan also must be filed with the Arkansas Department of Environmental Quality and will be enforceable under state law.

Finally, the Diversion Ditch Construction and Maintenance Plan provides for ongoing maintenance of the Diversion Ditch, which would include the establishment of an Improvement District to maintain the Diversion Ditch; CAW's right to inspect the Diversion Ditch at any time; a routine inspection checklist to be used by the Diversion Ditch owner; and the restriction of occupancy of residences that the Diversion Ditch benefits, if the Improvement District does not maintain properly the Diversion Ditch.

Exhibit D – Conservation Easement

The intent of the Conservation Easement is to maintain the Waterview Estates Landowners property running south of the Diversion Ditch to the CAW property line in a mixture of natural meadow and woodlands in order to preserve the viewshed of the properties north of the Diversion Ditch. CAW will participate in the development of the management plan for the Conservation Easement and must give consent to subsequent changes in the management plan. The Conservation Easement must meet all federal standards for Conservation Easements, and the landowners must maintain a vegetative state within the Conservation Easement.

The preferred recipient of the Conservation Easement is the University of Arkansas Foundation for the benefit of the University of Arkansas at Little Rock (UALR). UALR is establishing a Center of Watershed Excellence that focuses on the Lake Maumelle Watershed. In an offer separate from this Agreement, Mr. Rick Ferguson, the developer of Waterview Estates, has offered UALR a \$20,000 donation for the purpose of conducting a study of the Lake Maumelle Watershed in order to develop a coherent plan for undisturbed lands that will result from the implementation of the Lake Maumelle Watershed Management Plan.

Exhibit E – Maps of the Waterview Estates Lands

This map depicts Waterview Estates Lands.