

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

January 11, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2:00 p.m. Thursday, January 11, 2007, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

Absent:

Ms. M. Jane Dickey, Commissioner

CAW staff in attendance:

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Interim Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary P. Pittman, Chief Financial Officer
Mr. Stan Benton, Director of Distribution
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Gary Hum, Director of Source & Treatment
Mr. Mark Campbell, Lake Ranger
Mr. Rodney Johnson, Supervisor of Lake Winona
Mr. Tom Wray, P.E., Engineer
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Present by Telephone Conference Call:

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

Also in attendance:

Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Dee Brown, Brown Engineers
Mr. Matthew Cate, Reporter with the Arkansas Democrat-Gazette
Mr. Herb Dicker, President, Little Rock Neighborhood Connections and Policy Advisory Council Member

Ms. Pat Dicker, Pulaski County Quorum Court and Policy Advisory Council Member
Ms. Becky Heflin, Project Manager and Account Executive with Heathcott Associates
Mr. Darryl Laws, P.E., of Marlar Engineering Company, Inc.
Mr. Mike Marlar, P.E., Engineer with Marlar Engineering Company, Inc.
Ms. Karen McCravey, Student with the University of Phoenix
Mr. Jim McKenzie, Executive Director of Metroplan
Mr. Charles Nestrud, attorney with Chisenhall, Nestrud & Julian law firm, which represents Deltic Timber Corporation
Mr. Danny O'Kelley, Citizen
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Norvell Plowman, attorney for Mr. Lee Bodenhamer, Lake Maumelle Watershed Property Owner
Mr. Kirby Rowland, P.E., Vice President of Garver Engineers, L.L.C.
Ms. Kathy Wells, Vice President of the Coalition of Little Rock Neighborhoods and Alternate on Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Lake Maumelle Watershed Property Owner

Call to Order of January 11, 2007, Meeting

Mr. Tony Kendall, Chair, called to order the January 11, 2007, meeting of the Board of Commissioners.

Approval of Board Minutes

Chair Kendall called for a motion to approve the minutes of the November 9 and December 14, 2006 meeting.

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

Employee Recognition

Mr. Thad L. Luther, P.E., Chief Operating Officer, congratulated Mr. Thomas Wray, P.E., for passing the test for certification as a professional engineer on his first attempt. He also recognized Mr. Wray's academic achievement in receiving a Bachelors of Science degree in Mechanical Engineering from California State University, Fresno.

Lake Maumelle Comprehensive Watershed Management Study

In response to a request from the Board at the December 2006 meeting, Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Interim Director of Watershed Management, distributed an executive summary of the Lake Maumelle Watershed Management Plan (Watershed Plan). This summary would provide the basics of the Watershed Plan and will be included with the Watershed Plan.

Mr. Kirsch also distributed to the Board a revised cost from Tt for Phase 4 of the Lake Maumelle Watershed Assessment and Management Plan. The lower cost of \$153,010 reflects changes in the extent of the study and the possible future need to take another look at what the study would cover.

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc. (Tt), and Ms. Kimberly Brewer, Associate Director of Tetra Tech, Inc., participated in the Board

Meeting via a telephone conference call.

Mr. Clements reviewed the Executive Summary and the Lake Maumelle Watershed Management Plan and addressed questions put forth by the Board. Mr. Clements said that Tt is requesting the Board approve the revised cost for Phase 4 of the Lake Maumelle Watershed Management Plan.

Upon a motion duly made by Dr. Roby Robertson, Vice Chair, and seconded by Mr. Eddie Powell, Commissioner, the revised budget was approved.

Proposed Settlement with Waterview Estates

Mr. Kirsch said that CAW had hired an outside consultant to analyze the effectiveness of the diversion ditch proposed by Waterview Estates. Mr. Kirsch said that the analysis has been reviewed by CAW staff and forwarded to Mr. McKenzie and Waterview Estates.

Public Comment

Ms. Kathy Wells, Vice President of the Coalition of Little Rock Neighborhoods and alternate on the Policy Advisory Council for the Lake Maumelle Comprehensive Watershed Management Study asked to speak to the Board. Ms. Wells said that the coalition would like to see CAW maintain the high quality of water within Lake Maumelle with as little risk as possible to Central Arkansas' water supply. She added that the coalition appreciates the balance the Board must maintain between community, activities in the watershed, and protecting the water supply.

Amendment to Modify CAW Employees 401(a) Savings Plan

Mr. Luther reported to the Board on an amendment to modify CAW Employees 401(a) Savings Plan. Mr. Luther said that the amendment will remove current trustees because of retirements and appoint new trustees. Mr. Luther stated that the new trustees, if approved, will be Ms. Deena Coston, Controller, and himself.

Upon a motion duly made by Commissioner Powell and seconded by Mr. Jay Hartman, Commissioner, the amendment was approved.

Appointment of Lake Warden

Mr. Gary Hum, Director of Source & Treatment, said that CAW has hired Mr. Mark Campbell for the Lake Ranger position. Mr. Hum presented a resolution designating Mr. Campbell as a "warden" which authorizes him to enforce the rules and regulations established for Lakes Maumelle and Winona.

Upon a motion duly made by Commissioner Hartman and seconded by Vice Chair Robertson, the amendment was approved.

Approval of Contracts/Purchases

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

- i. the annual Joint Funding Agreement with U.S. Geological Survey in the amount of \$308,800 for an expanded water quality monitoring program on Lake Maumelle and Lake Winona

- ii. the renewal of an on-going contract with Arkansas Utility Protection Services for utility locations in the amount of \$385,272
- iii. the purchase of copper pipe and various sized brass fittings with Little Rock Winwater Works, H.D. Supply Waterworks, Consolidated Pipe & Supply Company, and Arkansas Water Products totaling \$411,527
- iv. the cleaning and inspection of storage tanks by Utility Services Company, Inc. (The total cost varies according to work done. The contract contains an annual renewal clause not to exceed five years)
- v. the cleaning and coating of the interior and exterior surfaces of CAW water storage Tank #5, (North Pierce and "W" Street in Little Rock) by Utility Service Company, Inc., for \$92,900
- vi. the construction of a 2.5-million gallon pre-stressed concrete ground storage water tank on the existing Mabelvale Distribution System by Preload, Inc., for \$1,338,182
- vii. the repair of cuts in streets and pavement by Lasiter Construction, Inc., for \$695,311.99 (this is the third renewal of a maximum four renewals)
- viii. an annual service agreement in the amount of \$59,270 with Advent Systems, Inc., to support CAW's access control and security system
- ix. the purchase of hydrated lime and quicklime from Arkansas Lime Company in the amount of \$72,187.75

Commission Briefing

Mr. Luther briefed the Board on the following:

- The American Water Works Association's Annual Exposition and Conference will be held in Toronto, Canada in June 2007. Mr. Luther asked that those Commissioners wishing to attend please notify staff as soon as possible.
- The software upgrade of CAW's Customer information system to Enquesta
- In order to allow time for Tt to finalize the budget and scope of Phase 4 of the Watershed Assessment and Management Plan, the February Board Meeting will be moved from its regularly scheduled Thursday, February 8 date to Friday, February 23, 2007 with the time of the meeting remaining 2 p.m.
- Staff plans to present to the Board a request for an increase in ancillary fees at the March 2007 Board Meeting

Adjournment

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

Jay Hartman, Secretary/Treasurer

RESOLUTION 2007-01

A RESOLUTION TO DESIGNATE A LAKE WARDEN FOR CENTRAL ARKANSAS WATER; AND FOR OTHER PURPOSES

WHEREAS, The Board of Commissioners, Central Arkansas Water, is the “operating authority” for Lake Maumelle and Lake Winona in accordance with Title 14, Chapter 234, Subchapter 4; and

WHEREAS, Arkansas Code Annotated § 14-234-407 allows the “operating authority” to designate employees of the utility as wardens to enforce the rules and regulations of the operating authority (the “Rules and Regulations”).

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER that Mark Campbell, Lake Ranger; is designated as “warden” for Lake Maumelle and Lake Winona and has the authority to enforce the Rules and Regulations as long as he is an employee of CAW.

AND BE IT FURTHER RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER that Drew Dickey, who was previously designated as a warden for Lake Maumelle and Lake Winona, is no longer a warden for Lake Maumelle and Lake Winona, and he no longer has the authority to enforce the Rules and Regulations.

CERTIFICATE

I, Jay Hartman, 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 as its regular meeting held January 11, 2007.

Attest:

APPROVED:

Jay Hartman, Secretary

Tony Kendall, Chair

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

February 23, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Friday, February 23, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Gary P. Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Darrell Boggs, Assistant Director of Distribution
Mr. Dennis Yarbrow, P.E., Supervisor of Water Sources
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study (PAC)
Ms. Ruth Bell, PAC Member and League of Women Voters
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Ms. Kimberley Brewer, A.I.C.P., Associate Director of Tetra Tech, Inc.
Mr. Matthew Cate, Reporter with the Arkansas Democrat-Gazette
Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.
Mr. Tim Daters, P.E., President of White-Daters & Associates
Mr. Herb Dicker, President, Little Rock Neighborhood Connections and PAC Member
Ms. Pat Dicker, Pulaski County Quorum Court and PAC Member
Mr. Barry Haas, alternate on PAC
Mr. Gary Heathcott, President Heathcott Associates
Ms. Jill Joslin, Vice President/Account Supervisor with Heathcott Associates
Mr. Hal Kemp, Attorney for Rick Ferguson, Developer of Waterview Estates, L.L.C.
Mr. Jim McKenzie, Executive Director of Metroplan
Mr. Bruce McMath, Attorney for CAW with McMath Woods Law Firm
Mr. Charles Nestrud, attorney with Chisenhall, Nestrud & Julian law firm, which represents Deltic Timber Corporation

Mr. Danny O'Kelley, Citizen
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Norvell Plowman, attorney for Mr. Lee Bodenhamer, Lake Maumelle Watershed Property Owner
Mr. Ray Vogelphol, Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Ms. Kathy Wells, Alternate on Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study

Call to Order of February 23, 2007, Meeting

Mr. Tony Kendall, Chair, called to order the February 23, 2007, meeting of the Board of Commissioners.

Special Presentation to Mr. Jim Harvey

Chair Kendall said that Ms. Jane Dickey, Commissioner, had asked to make an announcement.

Ms. Dickey stated that this was a special and exciting day for CAW and other water utilities in Central Arkansas. She added that the Board had designated this day as one honoring Mr. Jim Harvey, Chief Executive Officer, for his service and commitment to the water industry.

Ms. Dickey read a resolution honoring Mr. Harvey for 35 years of vision and dedication to ensuring safe, high-quality drinking for Central Arkansas. She added that as a result of these years of dedicated service to the water industry, the Board of Commissioners, Central Arkansas Water would honor Mr. Harvey by naming the drinking water utility headquarters located in downtown Little Rock the "James T. Harvey Administration Building".

Ms. Dickey asked that the resolution be entered into the official minutes of the February 23, 2007 Board Meeting.

Upon a motion duly made and seconded, the resolution was unanimously approved.

Ms. Dickey said that a plaque honoring Mr. Harvey would be placed in the entry foyer of the James T. Harvey Administration Building.

Chair Kendall said that the meeting would adjourn temporarily.

Approval of Board Minutes

Chair Kendall called for a motion to approve the minutes of the January 8, 2007, meeting.

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

Approval of Contracts/Purchases

Upon a motion duly made by Mr. Eddie Powell, Commissioner, and seconded by Mr. Jay Hartman, Commissioner, the Board approved the second one-year renewal of a contract with Heathcott Associates for public relations, advertising, and marketing support. The contract contains a provision for two one-year renewals at an amount not exceed \$250,000 per renewal.

Lake Maumelle Comprehensive Watershed Management Plan

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc. (Tt), and Ms. Kimberly Brewer, Associate Director of Tetra Tech, Inc., presented the Lake Maumelle Watershed Management Plan (the Plan) with the final changes that the Board had requested at the December 2006 meeting.

Upon a motion duly made by Commissioner Powell and seconded by Mr. Thomas Rimmer, Commissioner, the Plan was approved.

Mr. Clements addressed the issue of high slope on land within the watershed.

Settlement Negotiations with Waterview Estates

Mr. Harvey stated that negotiations to settle litigation over the development of land located within Critical Area A of the Lake Maumelle Watershed are continuing. He indicated that there could possibly be an agreement brought before the Board at the March Board Meeting.

Public Comments

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study, encouraged the Board to remain firm on the implementation of the Lake Maumelle Watershed Management Plan.

Ms. Kathy Wells, Alternate on Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study, also asked the Board to remain firm on the implementation of the Lake Maumelle Watershed Management Plan.

Ms. Wells added that ratepayers are willing to financially support the expense of a lengthy legal process in order to protect the water quality of Lake Maumelle

Board Briefing

Mr. Harvey updated the Board on the following items:

- City Director Stacy Hurst, has been appointed liaison between the City of Little Rock and CAW
- Mr. Gary Pittman told the Board that staff is considering a change in ancillary fees. He added that no action is required on their part at this time, but that staff would bring the issue back to the Board at the April 2007 meeting.
- Mr. Harvey continues to meet with state legislators on possible legislation that would affect CAW's ability to provide safe drinking water

Executive Search

Dr. Roby Robertson, Vice Chair, said that the process in selection of a new chief executive officer (CEO) is moving along at a fast pace.

Vice Chair Robertson said that Mr. Chris Hartung from Oldani-Waters (the executive search

firm), will attend the March Board Meeting to update the Board on the executive search.

Vice Chair Robertson also asked the Commissioners to let staff know of their availability to participate in interviews of candidates for the CEO position.

Regionalism

Mr. Steve Morgan, Director of Regionalism & Future Water Source, told the Board that a verbal agreement regarding water service areas has been reached with the Grand Prairie Regional Water Distribution District (Grand Prairie). He said that they are currently working on a written agreement. (Grand Prairie currently provides water to an area located within their water service area but also located within the North Little Rock city limits.)

Adjournment

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

Jay Hartman, Secretary/Treasurer

RESOLUTION

WHEREAS, James T. Harvey has served Central Arkansas Water and its predecessor utility for 35 years and has been its Chief Executive since November 1996; and

WHEREAS, Mr. Harvey's vision and dedication through the years have afforded the citizens of central Arkansas a high volume of superior quality water delivered at very low rates, a 32-year record of full compliance with federal and state water quality standards, and Environmental Excellence Awards from the U.S. Environmental Protection Agency, Region 6, for outstanding water quality, operations and maintenance practices, customer service, and fiscal management; and

WHEREAS, Mr. Harvey exercised extraordinary leadership skills as the utility faced two very sensitive and difficult issues: the merger of the Little Rock and North Little Rock municipal drinking water utilities and the protection of our watershed; and

WHEREAS, Mr. Harvey orchestrated a seamless transition to merge operations into Central Arkansas Water, to the great benefit of the citizens of both cities, as has been recognized by a national award from the National League of Cities published in *American City and County* magazine; and

WHEREAS, Mr. Harvey's foresight in the development of a watershed protection plan for Lake Maumelle and Lake Winona has placed Central Arkansas Water in the vanguard of national efforts to protect drinking water reservoirs from increased pollution and urbanization; and

WHEREAS, Mr. Harvey has been a central force behind the creation of the Mid-Arkansas Water Alliance, which seeks to extend Central Arkansas Water's support to area cities and communities in need of future water source; and

WHEREAS, Mr. Harvey's service will be a lasting legacy to the utility and to the 388,000 consumers who depend on Central Arkansas Water for their drinking water;

NOW, THEREFORE, the Board of Commissioners, Central Arkansas Water, hereby names the drinking water utility headquarters building in downtown Little Rock the "James T. Harvey Administration Building."

Adopted February 23, 2007.



Tony Kendall, Chair



Jay C. Hartman, Secretary/Treasurer



Eddie Powell, Commissioner



Francille Turbyfill, Commissioner



Roby D. Robertson, Vice Chair



M. Jane Dickey, Commissioner



Thomas W. Rimmer, Commissioner

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

March 8, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, March 8, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Sources
Mr. Gary P. Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Stan Benton, Director of Distribution
Mr. Gary Hum, Director of Source & Treatment
Mr. Jim Ferguson, P.E., Director of Engineering
Ms. Becky Wahlgreen, Director of Human Resources
Ms. Deena Coston, Controller
Mr. Jeff Mascagni, Controller
Mr. Tommy Rhoads, Distribution Supervisor
Mr. David Zimmerebner, Distribution Dispatcher
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Ms. Ruth Bell, Policy Advisory Council Member and League of Women Voters
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Dee Brown, P.E., Principal with Brown Engineers
Mr. Herb Dicker, President, Little Rock Neighborhood Connections and Policy Advisory Council Member for Lake Maumelle Comprehensive Watershed Management Study
Ms. Pat Dicker, Pulaski County Quorum Court and Policy Advisory Council Member
Ms. Connie Gardner, Arkansas Department of Parks & Tourism
Mr. Barry Haas, alternate on Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Gary Heathcott, President Heathcott Associates
Mr. Chris Hartung, Director of Executive Search Services, Oldani-Waters Executive Recruiters

Mr. Jim Julian, attorney with Chisenhall, Nestrud & Julian law firm, which represents Deltic Timber Corporation
Mr. Kevin Kemp, Partner with BKD, LLP, Accounting Firm
Mr. Jim McKenzie, Executive Director of Metroplan
Mr. Bruce McMath, Attorney for CAW with McMath Woods Law Firm
Ms. Cindy Murphy, Reporter with the Arkansas Democrat-Gazette
Mr. Chuck Nestrud, attorney with Chisenhall, Nestrud & Julian law firm, which represents Deltic Timber Corporation
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Norvell Plowman, attorney for Mr. Lee Bodenhamer, Lake Maumelle Watershed Property Owner
Mr. Kirby Rowland, Vice President of Garver Engineers
Ms. Lynn Warren, Arkansas Department of Parks & Tourism
Ms. Kathy Wells, Alternate on Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study

Call to Order of March 8, 2007, Meeting

Mr. Tony Kendall, Chair, called to order the March 8, 2007, meeting of the Board of Commissioners.

Approval of Board Minutes

There was no approval of Board Minutes as they had not yet been submitted to the Board for review.

Employee Suggestion Award

Mr. Stan Benton, Director of Distribution, introduced Mr. Tommy Rhoads, Distribution Supervisor, and Mr. David Zimmerebner, Distribution Dispatcher. Mr. Benton explained that Mr. Zimmerebner was in attendance to accept an Employee Suggestion Award. Mr. Benton asked Mr. Zimmerebner to explain the suggestion he had submitted for consideration.

Chair Kendall thanked Mr. Zimmerebner for the suggestion that helped to improve operations at CAW and presented him with a certificate of appreciation and a monetary award.

Executive Search

Dr. Roby Robertson, Vice Chair, said that he has been working closely with Ms. Becky Wahlgreen, Director of Human Resources and Mr. Chris Hartung, Director of Executive Search Services, Oldani-Waters Executive Recruiters, in seeking candidates for the upcoming vacancy in the Chief Executive Officer position.

Vice Chair Robertson said that Mr. Hartung was attending the meeting via telephone conference call. He asked Mr. Hartung to update the Board on the executive search process that was under way.

Mr. Hartung told of the process his firm has been following in conducting an executive search. He said that once they had gathered information and evaluated the backgrounds of the twenty-nine (29) candidates that had applied for the position, he would have recommendations for

finalists to be interviewed by the Board.

Lake Maumelle Watershed Litigation Update

Waterview Estates

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management, told the Board that negotiations on litigation involving development by Waterview Estates within the Lake Maumelle are progressing.

Mr. Kirsch said that as part of the proposed agreement with Waterview Estates, a Responsible Management Entity (RME) will be created for developable areas within the Lake Maumelle Watershed. Mr. Kirsch distributed a draft resolution authorizing CAW staff to: request that the City of Little Rock Board of Directors name the Little Rock Wastewater Utility (LRWU) as the RME for the Lake Maumelle watershed; to use any of the wastewater systems specified in the Plan; and, to work together with LRWU to develop design criteria for the different wastewater options to use in the watershed.

Mr. Kirsch said that the resolution specifies that the RME would own and operate the wastewater collection and non-discharging treatment facilities in the watershed.

Mr. Kirsch added that the resolution was for review only and that the Board would not be asked to take action on this resolution at this meeting but would possibly be asked to approve the resolution at the April meeting.

Deltic Timber Corporation

Mr. Jim Harvey, Chief Executive Officer, told that Board that Mr. Ray Dillon, President and Chief Executive Officer of Deltic Timber Corporation, has committed to selling to CAW their property located in Critical Area A of the Lake Maumelle Watershed.

Mr. Harvey added that Mr. Dillon stated that Deltic Timber would work with CAW on development agreements for the remainder of their property located within the Lake Maumelle Watershed.

Upon a motion duly made by Mr. Eddie Powell, Commissioner, and seconded by Mr. Thomas W. Rimmer, Commissioner, the Board approved a motion to purchase the Deltic Timber property located within Critical Area A of the Lake Maumelle Watershed for a price not to exceed \$8.2 million.

Public Comments

Ms. Kathy Wells, alternate on the Policy Advisory Council (PAC) for Lake Maumelle Comprehensive Watershed Management Study, urged the Commission to not alter their policy of protecting the Lake Maumelle Watershed.

Ms. Kathleen Oleson, representative of League of Women Voters of Pulaski County and alternate member of the PAC for Lake Maumelle Comprehensive Watershed Management Study, urged the Commission to maintain their policy of no development within Critical Area A of the Lake Maumelle Watershed.

Ms. Pat Dicker, Pulaski County Quorum Court and PAC member voiced support for the Commission to purchase property located within Critical Area A of the Lake Maumelle Watershed.

Mr. Barry Haas, alternate on the (PAC) for Lake Maumelle Comprehensive Watershed Management Study also voiced his support for no development within Critical Area A of the Lake Maumelle Watershed.

Independent Auditor's Report

Mr. Gary Pittman, Chief Financial Officer, introduced Mr. Kevin Kemp, partner in BKD, LLP, an independent auditing firm.

Mr. Kemp presented drafts of the independent Auditor's Reports for the period ending December 31, 2006 and answered questions from the Board.

Upon a motion duly made by Mr. Jay Hartman, Commissioner, and seconded by Commissioner Powell, the Board approved the audit for CAW and Brushy Island.

Proposed Adjustment to Ancillary Fees

Mr. Pittman distributed a draft schedule of proposed ancillary charges. Mr. Pittman explained that the majority of ancillary fees have not been adjusted since 2001 and some go further back under one of the predecessor utilities.

Mr. Pittman also explained that, according to the American Water Works Association (AWWA), beneficiaries of a service should pay for the service; that the charge should be related to the cost to provide that service; and, that the costs should not be paid from general revenues.

Mr. Pittman said that no Commission action is required for the adjustments to become effective as of May 1, 2007.

Vice Chair Robertson asked that staff provide regular updates on the status of ancillary fees.

Resolution to Amend Saline County Waterworks & Sanitary Sewer Public Facilities Board Contract

Mr. Steve Morgan, Director of Regionalism & Future Water Sources, presented a draft resolution to amend a 2004 contract between CAW and the Woodland Hills community (Saline County). Mr. Morgan said that the original contract required Woodland Hills to purchase a minimum daily amount of water that has been determined to be more than they require.

Mr. Morgan reminded the Board that it has never been CAW's intent to require a water system to pay for water they could not use and recommended approval of the draft resolution.

Upon a motion duly made by Ms. Jane Dickey, Commissioner, and seconded by Vice Chair Robertson, the resolution was approved.

Approval of Contracts/Purchases

Upon a motion duly made by Commissioner Hartman and seconded by Vice Chair Robertson, the Board approved the following contracts/agreements:

i. Contracts totaling \$527,700 for the purchase of water meters from the following vendors:

Neptune Meter	5/8" through 2" meters	\$465,640
Hughes Supply	2" through 6" turbo meters	\$58,060
Hersey Meter	2" fire hydrant meter	\$4,000

ii. A contract, not to exceed \$60,000, with Garver Engineers to survey the Lake Winona raw water line, extending from Lake Winona to the Ozark Point Water Treatment Plant

iii. Renewal of annual maintenance contract with Systems & Software for \$355,817.55 to support CAW customer information, finance, and work management software

Board Briefing

Mr. Harvey updated the Board on the following items:

- Jim Harvey and Steve Morgan recently made a trip to Washington DC to visit with Arkansas legislators. Mr. Harvey said that it was a good opportunity to keep in touch with Arkansas legislators on various issues concerning CAW and the Mid-Arkansas Water Alliance.
- Bruno Kirsch will retire as of June 30, 2007 after more than 20 years of service with CAW.

Executive Session

The Board met in executive session.

Upon reconvening, Chair Kendall no action was taken.

Adjournment

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

Jay Hartman, Secretary/Treasurer

RESOLUTION NO. 2007- 03

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

WHEREAS, the Saline County Waterworks & Sanitary Sewer Public Facilities Board (“Woodland Hills”) and the Central Arkansas Water (“CAW”) entered into an Agreement for the purchase and sale of water dated December 12, 2002, (the “Agreement”), as amended by that certain First Amendment to Agreement dated March 12, 2004, (collectively, the “Agreement”), whereby Woodland Hills agreed to buy and CAW agreed to sell potable water subject to certain terms and conditions set forth in the Agreement; and

WHEREAS, CAW and Woodland Hills desire to amend and modify the Agreement on the terms and conditions set forth herein.

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, amend and modify the Agreement on the terms and conditions set forth 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 Amendment 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: _____

ATTEST:

APPROVED:

Jay Hartman, Secretary

Tony Kendall, Chair

CERTIFICATE

STATE OF ARKANSAS)

COUNTY OF PULASKI)

I, Jay Hartman, Secretary of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2007-02 of the Resolutions of Central Arkansas Water, entitled: A RESOLUTION AUTHORIZING CENTRAL ARKANSAS WATER TO AMEND AND MODIFY A WATER SUPPLY CONTRACT WITH WOODLAND HILLS; AND PRESCRIBING OTHER MATTERS RELATING HERETO, adopted March 8, 2007.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of March, 2007.

Jay Hartman, Secretary
Board of Commissioners, Central Arkansas Water

SECOND AMENDMENT TO AGREEMENT

This Second Amendment is made and entered into this 8th day of March, 2007, by and between Central Arkansas Water (“CAW”), and Saline County Waterworks & Sanitary Sewer Public Facilities Board (“Woodland Hills”).

WITNESSETH

WHEREAS, CAW and Woodland Hills entered into an Agreement for the purchase and sale of water dated December 12, 2002, (the “Agreement”), as amended by First Amendment dated March 12, 2004, (collectively, the “Agreement”), whereby Woodland Hills agreed to buy and CAW agreed to sell potable water subject to certain terms and conditions set forth in the Agreement; and

WHEREAS, CAW and Woodland Hills desire to amend and modify the Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the recitals above and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment of Agreement. Paragraph 2 of the Agreement is amended, in total, to read as follows:

PARAGRAPH 2: Subject to all of the terms and conditions hereinafter set forth, CAW agrees to sell and Woodland agrees to buy for distribution by the Woodland Hills water utility a minimum of Six Thousand (6,000) gallons of potable water per day (the “Minimum Purchase”) at the pressure and quality available from CAW. It is specifically understood and agreed that the Minimum Purchase is a daily minimum and that Woodland Hills will pay CAW for the Minimum Purchase regardless of whether Woodland Hills actually uses, or takes delivery of the entire Minimum Purchase each day based on the average daily volume computed using total volume taken within a billing cycle and the total number of days within the billing cycle. Provided that if CAW is unable to supply the Minimum Purchase each day at the Meter Station due to extenuating circumstances such as Main supply line breaks, power failures, flood, fire, use of water to fight fires, earthquakes or other catastrophes, Woodland Hills will be exempt from paying for the Minimum Purchase of each 24 hour period that CAW is unable to deliver the Minimum Purchase. The maximum amount of water sold pursuant to this Agreement is Four Hundred Thousand (400,000) gallons per day (the “Maximum Purchase”). The Maximum Purchase is an actual maximum amount of water that Woodland Hills is permitted to acquire from CAW in any 24 hour period; it is not an “average” computed in a manner similar to the Minimum Purchase. It is also recognized that the Off-Peak purchasing time periods are intended to encourage Woodland Hills to develop its own water storage facilities and to reduce Woodland Hills’ dependency on CAW’s water transmission facilities during Peak periods.

2. Effect of Amendment. Except as otherwise specifically set forth in this Second Amendment, the remaining terms of the Agreement shall remain in full force and effect and shall not be deemed modified, amended, revoked or rescinded in any manner. Capitalized terms not otherwise defined in this Second Amendment shall have the meaning and definition ascribed to them under the Agreement. The remaining terms and

conditions of the Agreement are incorporated herein by this reference as if set forth word for word herein.

In witness whereof, the parties have executed this Second Amendment effective as of the day and year first written above.

CENTRAL ARKANSAS WATER

By: _____
James T. Harvey, Chief Executive Officer _____
Date

**SALINE COUNTY WATERWORKS &
SANITARY SEWER PUBLIC FACILITIES BOARD**

By: _____
_____, Chairperson _____
Date

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

March 13, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a Special Called Board Meeting at 1 p.m. Tuesday, March 13, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Ms. Becky Wahlgreen, Director of Human Resources
Ms. Connie Horn, Management Secretary

Also in attendance:

Mr. Matthew Cate, Reporter with the Arkansas Democrat-Gazette
Mr. Chris Hartung, Director of Executive Search Services, Oldani-Waters Executive Recruiters
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study

Call to Order of March 13, 2007, Meeting

Mr. Tony Kendall, Chair, called to order the March 13, 2007, meeting of the Board of Commissioners.

Executive Search

Dr. Roby Robertson, Vice Chair, introduced Mr. Chris Hartung, Director of Executive Search Services, Oldani-Waters Executive Recruiters, who attended the meeting via telephone conference call.

Vice Chair Robertson asked Mr. Hartung to update the Board on the executive search process that was currently being conducted.

Mr. Hartung said that he is ready to make a recommendation for the finalists to be interviewed by the Board. Mr. Hartung said that he has a recommendation of three finalists from a list of 29 candidates and that he will provide the Board with information on the recommended finalists by the end of this week.

Executive Session

The Board met in executive session.

Upon reconvening, Vice Chair Robertson said that the Board has reviewed the names of the recommended finalists and that interviews will be held on the afternoon of Monday, March 19 and the morning of Tuesday, March 20, 2007.

Vice Chair Robertson said that following the interviews the Board intends to select one finalist to return for meetings with community and city leaders.

Adjournment

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

Jay Hartman, Secretary/Treasurer

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

March 19, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a Special Called Board Meeting at 12:30 p.m. Monday, March 19, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

Absent:

Ms. Francille Turbyfill, Commissioner

CAW staff in attendance:

Ms. Connie Horn, Management Secretary

Call to Order of March 19, 2007, Meeting

Mr. Tony Kendall, Chair, called to order the March 19, 2007, meeting of the Board of Commissioners. He said that the purpose of the meeting was to interview two of the three finalists for the Chief Executive Officer position.

Executive Session

The Board met in executive session to conduct the interviews.

Open Session

Upon reconvening, Chair Kendall said that no action was taken.

Adjournment

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

Jay Hartman, Secretary/Treasurer

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

March 20, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a Special Called Board Meeting at 7:50 a.m. Tuesday, March 20, 2007 in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

Absent:

Ms. Francille Turbyfill, Commissioner

CAW staff in attendance:

Ms. Connie Horn, Management Secretary

Call to Order of March 20, 2007, Meeting

Mr. Tony Kendall, Chair, called to order the March 20, 2007, meeting of the Board of Commissioners. He said that the purpose of the meeting was to interview the third of three finalists for the Chief Executive Officer (CEO) position. He stated that the other two finalists had been interviewed the previous day.

Executive Session

The Board met in executive session to conduct interviews for the CEO position for CAW.

Open Session

Upon reconvening, Chair Kendall asked Vice Chair Robertson to report on the results of the interviews for the CEO position.

Vice Chair Robertson indicated that no decisions had been made at this time. He said that instructions will be given to the consultant to continue gathering information for the Board.

Vice Chair Robertson added that a Board Meeting by conference call is scheduled for 8:30 a.m. on Thursday, March 22, 2007. Following the conference call, the Board intends to announce a finalist for the CEO position. It is anticipated that the finalist will meet with staff members, public officials, and others within a few weeks, prior to a final selection decision by the Board.

Adjournment

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

Jay Hartman, Secretary/Treasurer

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

March 22, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a Special Called Board Meeting at 8:30 a.m. Thursday, March 22, 2007. The meeting was conducted via a conference call and was held in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

Absent:

Ms. Francille Turbyfill, Commissioner

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Becky Wahlgreen, Director of Human Resources
Ms. Marie Crawford, Director of Communications
Ms. Connie Horn, Management Secretary

Call to Order of March 22, 2007, Meeting

Mr. Tony Kendall, Chair, called to order the March 22, 2007, meeting of the Board of Commissioners. He said that the purpose of the meeting was to select a finalist from the three candidates interviewed earlier this week for the Chief Executive Officer position.

Executive Session

The Board met in executive session.

Open Session

Upon reconvening, Chair Kendall asked Vice Chair Robertson to report on the actions of the Board during Executive Session.

Vice Chair Robertson made a motion to recommend Mr. Graham Rich, CEO candidate, to meet with CAW staff, civic leaders, and city officials. Vice Chair Robertson said that the meetings would take place as early as possible, hopefully within the first week of April.

Upon a motion duly made by Vice Chair Robertson and seconded by Mr. Eddie Powell, Commissioner, the Board unanimously approved the motion.

Adjournment

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

Jay Hartman, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

April 12, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, April 12, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

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

Also in attendance:

Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Dee Brown, P.E., Principal with Brown Engineers
Mr. Matthew Cate, Reporter with the Arkansas Democrat-Gazette
Mr. Herb Dicker, President, Little Rock Neighborhood Connections and Policy Advisory Council
Member for Lake Maumelle Comprehensive Watershed Management Study
Ms. Pat Dicker, Pulaski County Quorum Court and Policy Advisory Council Member
Mr. Gary Heathcott, President Heathcott Associates
Mr. Darryl Laws, Marlar Engineers
Mr. Mark McBride, Executive Vice President-Manager, Public Finance Department, Stephens, Inc.
Ms. Jamie Mullins, Paron-Owensville Water
Ms. Bobbie Nichols, Senior Vice President, Public Finance Department, Stephens, Inc.
Mr. Norvell Plowman, attorney for Mr. Lee Bodenhamer, Lake Maumelle Watershed Property Owner
Mr. Dale Russom, Principal of Russom Technical Services
Mr. Kirby Rowland, Vice President of Garver Engineers
Ms. Kathy Wells, Alternate on Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study

Call to Order of April 12, 2007, Meeting

Mr. Tony Kendall, Chair, called to order the April 12, 2007, meeting of the Board of Commissioners.

Approval of Board Minutes

Chair Kendall called for a motion to approve the minutes from the February 23, 2007; the March 8, 13, 19, 20 and 22 meetings. Upon a motion duly made and seconded, the minutes were approved.

Recognition of Jim Harvey

Chair Kendall presented Mr. Jim Harvey, Chief Executive Officer, with a silver tray in recognition of over 35 years of service to the utility. Mr. Harvey thanked the Commission and CAW staff.

Chair Kendall mentioned that the City of Little Rock Board of Directors recognized Mr. Harvey for his leadership of the utility and his efforts in protecting the drinking water for the citizens of Little Rock. Chair Kendall added that Ms. Kathy Wells of the Coalition of Little Rock Neighborhoods also attended the Board of Directors' meeting and had recognized Mr. Harvey for his hard work in protecting the quality of drinking water for all of Central Arkansas.

Chair Kendall said that CAW's Board of Commissioners is proud of Mr. Harvey's achievements and that the recognition from the City of Little Rock was well deserved.

Ms. Pat Dicker, Pulaski County Quorum Court and Policy Advisory Council Member (PAC), said that Mr. Harvey has created a legacy and she is confident the Board will continue to uphold that legacy.

Ms. Dicker presented a certificate to Mr. Harvey from the Pulaski County Quorum Court declaring Friday, April 13, 2007 "Jim Harvey Day".

Mr. Herb Dicker, President, Little Rock Neighborhood Connections and Policy Advisory Council Member for Lake Maumelle Comprehensive Watershed Management Study, presented Mr. Harvey with a certificate of appreciation on behalf of Little Rock Neighborhood Connections.

Lake Maumelle Watershed Update

Upcoming Meeting of Policy Advisory Council and Technical Advisory Council

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management, told the Board that the next meeting of the PAC and the Technical Advisory Council (TAC) would be held on April 26, 2007 at the Lake Maumelle Pumping Station. In conjunction with the meeting would be a dinner in appreciation of the time and effort put forth by the members of the councils.

Mr. Kirsch added that Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc., would be present at the April 26 meeting to discuss the implementation strategy of the Lake Maumelle Watershed Management Plan.

Mr. Kirsch said that Mr. Tad Bohannon, attorney for CAW with Wright, Lindsey, & Jennings Law

Firm, had prepared a draft ordinance regarding sedimentation and erosion control within the Lake Maumelle Watershed. He has forwarded the draft to Mr. Clements for his review.

According to Mr. Kirsch, once these ordinances have been finalized, it will be presented for public comments.

Director of Watershed Management Position

Mr. Kirsch said that Mr. Clements has provided assistance in formulating the qualifications and job description for the Director of Watershed Management Position. He added that he is currently working with Ms. Becky Wahlgreen, Director of Human Resources, and that recruitment activities have begun.

Litigation Update

Mr. Kirsch said that negotiations with Waterview Estates regarding development within the Lake Maumelle Watershed are continuing. He said that he is working with the attorneys on wording within the documents on issues such as land covenants and easements.

J.H. Land/Athabasca

Mr. Kirsch said that Mr. Lee Bodenheimer, principal of J.H. Land/Athabasca, has obtained an appraisal of the property he owns in the Lake Maumelle Watershed. He added that the appraiser hired by CAW is currently appraising the value of the property. Mr. Kirsch said that CAW should have an appraised value of the property in time for the May Board Meeting.

Meeting with Perryville City Officials

Mr. Kirsch said that he and Mr. Steve Morgan, Director of Regionalism and Future Water Source, received a request from the City of Perryville to meet with their newly elected mayor, Howard Porter.

Mr. Morgan said he told the Perryville officials about the history behind the construction of the Northbelt Transmission main and how it will eventually provide water to the cities of Cabot and Jacksonville and North Pulaski County. He said that he was using the Northbelt Transmission main as an example of what could be accomplished if neighboring water systems worked together for their future water needs. Mr. Morgan mentioned that Perryville might want to consider working with the Wye Mountain Water District and CAW in a local partnership that would prove beneficial to all.

At the request of Perryville officials, Mr. Morgan will return later this month to speak before the Perryville City Council.

Resolution Authorizing a Responsible Management Entity for Lake Maumelle Watershed

Mr. Kirsch said that the Watershed Management Plan approved by the Board in February 2007 recommends that, in order to allow development within the Lake Maumelle Watershed, a Responsible Management Entity (RME) be in place to plan, design, oversee installation, monitor, and maintain new wastewater collection, treatment, and/or pumping/pipeline facilities in the Watershed. He said that Little Rock Wastewater (LRW) and CAW staff have reviewed the

resolution that authorizes CAW to request the City of Little Rock Board of Directors to allow LRW to serve as RME for development in the Lake Maumelle Watershed.

Upon a motion duly made by Commissioner Powell and seconded by Ms. Francille Turbyfill, Commissioner, the motion was approved.

Appointment of Interim CEO

Chair Kendall said that Mr. Harvey's last working day is Friday, April 13 and that Mr. Graham Rich will start his position as CEO on May 21. He added that Mr. Kirsch's last working day before retiring would be May 10.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Hartman, Mr. Thad Luther, P.E., Chief Operating Officer was appointed Interim CEO until May 21, 2007.

Chair Kendall said that Mr. Luther will immediately assume the position of Interim CEO at the current pay grade for the position.

Bond Issue Expenditures Reimbursement Resolution

Mr. Gary Pittman, Chief Financial Officer, provided a history of CAW bonds sold since July 1, 2001.

Mr. Pittman introduced Mr. Mark McBride, Executive Vice President-Manager, Public Finance Department, Stephens, Inc.

Mr. McBride discussed a proposed bond issue and answered questions from the Board. He said that there would be a public hearing on May 29 regarding the bond issue and that the bond sale bid opening would be June 13. He added that the Board would receive a packet of disclosure documents to review by May 26.

Ms. Jane Dickey, Commissioner, said she was glad that Commissioners would receive the packet containing information on the bond issue and a disclosure statement with enough time to allow them to review the documents before the sale of the bonds. Commissioner Dickey stressed the importance that each Commissioner read the disclosure document.

Dr. Roby Robertson, Vice Chair, asked Mr. Pittman if costs related to the bond issue are included in the current rate structure. Mr. Pittman replied that they are and no rate increase would be required as a direct result of the proposed \$17,625,000 bond issue.

In response to a request by Vice Chair Robertson for assistance in understanding the process involved, Mr. McBride explained the timeline of the bond issue process and what would be required from the Board during this process.

Mr. Pittman continued the presentation by stating that a \$13.4 million Revolving Fund loan from the Arkansas Nature Resources Commission (ANRC) be proposed for 2008. Due to the required lead time of 12 to 18 months, a resolution to begin the process will be on the agenda of the May Board Meeting. He also noted several restrictions that will be placed on the utility to qualify for the low interest 20-year loan.

Chair Kendall asked about the necessity of the chlorination projects to be funded by ANRC.

Mr. Luther said that the funds would go for projects needed at CAW's water treatment facilities in order to meet safety requirements. He explained that the replacement of chlorine gas with sodium hypochlorite is advised due to the high risk involved with the use of chlorine gas. He added that the risks associated with the use of sodium hypochlorite are much lower and, therefore, safer to use.

Upon a motion duly made by Commissioner Dickey and seconded by Commissioner Powell, the Bond Reimbursement Resolution was approved.

Agreement for Banking Services

Ms. Deena Coston, Controller, told the Board that the current five-year banking services agreement with US Bank will expire on May 31, 2007. She said that Requests for Proposals were sent out and six responses were received. She added that interviews were conducted with the two highest rated banks, US Bank and Metropolitan. With the lowest quoted fees and a good history of service, Ms. Coston recommended renewal with US Bank for another five-year term.

Commissioner Dickey recused herself from voting on this item.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Rimmer, the agreement was approved as recommended.

Approval of Contracts/Purchases

Upon a motion duly made by Commissioner Robertson and seconded by Mr. Jay Hartman, Commissioner, the Board approved the following contracts/agreements:

- i. A contract with J. R. Fox Company, Inc., for \$193,933 to install approximately 3,500 linear feet of 8-inch-diameter ductile iron pipe and approximately 550 linear feet of 3-inch-diameter polyvinylchloride pipe in Clinton and Circle R Roads in North Little Rock
- ii. A contract with Henley Construction, Inc., for \$925,032 to install approximately 2,860 linear feet of 30-inch-diameter ductile iron pipe and approximately 3,370 linear feet of 3-inch-diameter polyvinylchloride pipe along Arkansas State Highway 107 in Gravel Ridge

Board Briefing

Mr. Harvey updated the Board on the following items:

- Paron-Owensville Water Authority – Mr. Harvey asked Mr. Morgan to discuss the possibility of POWA taking raw water from CAW.

Mr. Morgan said that Paron-Owensville had requested to receive raw water from CAW's 39" water transmission main coming from Lake Winona to the Jack H. Wilson Water Treatment Plant. This main runs past Paron-Owensville water district. If they should opt to take raw water from CAW, there should be no impact on CAW's ability to meet customer demand.

- 145th Street Water Improvement District - Mr. Harvey asked Mr. Luther to discuss the plans for them to join to CAW's water system.

Mr. Luther said that one of 145th Street's wells had failed and they requested emergency water service from CAW. He said that CAW is providing water to them on a temporary basis and that the Memorandum of Understanding with 145th Street to acquire their water district is still in place. He added that before CAW provided emergency water to 145th Street, CAW contacted the Department of Health & Human Services for approval.

- Recently Dumas, Arkansas suffered severe tornado damage. CAW provided bottled water to Dumas to assist in the emergency relief efforts. Dumas city officials sent a note of thanks for our contribution.
- During a recent storm in Central Arkansas, a power outage occurred at the Markham Street Substation affecting a major electric feed to the Jack H. Wilson Water Treatment Plant. Mr. Harvey credited the foresight and planning of CAW staff with having redundancy designed into the treatment plant's electrical system of the Markham Street Substation. The redundancy enabled operators at the Wilson Plant to simply switch to another substation and continue normal water production operations.
- Commendation of Employees – Mr. Harvey said that he had received a call from Mr. Carl Rosenbaum a Commissioner for the Arkansas State Highway & Transportation Department. Mr. Rosenbaum said that there had been a main break in the middle of the night in front of his house. He wanted to commend the crew that made the repairs for their politeness and professionalism. He also said he was impressed with the good clean-up of the area once the repairs were made. Mr. Rosenbaum was so impressed that he said he would make a monetary donation to CAW's Help To Others program. (Help To Others is a program that uses advertising revenues and monetary contributions to assist consumers in paying their water bills.)

Adjournment

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

Jay Hartman, Secretary/Treasurer

RESOLUTION NO. 2007-04

WHEREAS, the Board of Commissioners, Central Arkansas Water ("CAW Board"), adopted the Lake Maumelle Watershed Management Plan ("Plan") February 23, 2007, and

WHEREAS, the Plan states that a Responsible Management Entity (RME) must own and operate wastewater collection and non-discharging treatment facilities in the watershed, and be responsible for the planning, design, and construction inspection of said facilities; and,

WHEREAS, Little Rock Wastewater is the RME that handles wastewater for the City of Little Rock, Arkansas; and,

WHEREAS, Little Rock Wastewater has a long history of providing outstanding sewer service to the residents of Little Rock, Arkansas; and,

WHEREAS, Little Rock Wastewater current service area is essentially limited to the city limits by the Little Rock City Board of Directors ("CLR Board"), subject to approval by the CLR Board for any extensions outside the city limits; and,

WHEREAS, Lake Maumelle is the primary water supply lake for the residents of the City of Little Rock; and,

WHEREAS, the watershed of Lake Maumelle is well beyond the Little Rock city limits, and professional wastewater management is required by a RME to ensure the long-term water quality of Lake Maumelle; and,

WHEREAS, Little Rock Wastewater is willing and able to act as RME, on such terms and conditions which are mutually agreeable to all parties, and as may be approved by the Little Rock Sanitary Sewer Committee and the CLR Board; and,

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners, Central Arkansas Water respectfully requests that the Little Rock Board of Directors name Little Rock Wastewater as the RME for the Lake Maumelle watershed and authorize the utility to use any of the wastewater systems specified in the Plan and direct the Little Rock Sanitary Sewer Committee to have the engineering staff of Little Rock Wastewater to work in conjunction with the engineering staff of Central Arkansas Water to develop design criteria for the different wastewater options to use in the watershed, subject to the approval of the Little Rock Sanitary Sewer Committee and the CLR Board on such terms and conditions which are mutually agreeable to the parties.

The foregoing resolution has been duly adopted by the Board of Commissioners of Central Arkansas Water at a meeting of the Board of Commissioners, Central Arkansas Water held on April 12, 2007.

Attest:

APPROVED:

Jay Hartman
Secretary/Treasurer

Anthony Kendall
Chair

RESOLUTION NO. 2007-05

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”) initially issued \$22,000,000 of its Water Revenue Bonds (Series 2002), dated October 1, 2002, and then issued an additional \$22,000,000 of its Water Revenue Bonds (Series 2004), dated November 23, 2004, pursuant to a capital improvement program which included the issuance of up to approximately Seventy Six Million Dollars (\$76,000,000) in bonds in accordance with the terms and conditions of a Master Trust Indenture by and between CAW and Metropolitan National Bank, as Trustee, dated October 1, 2002 (the “Master Trust Indenture”), to finance capital improvements to CAW’s water distribution system and water treatment facilities; and

WHEREAS, CAW proposes to issue a third series of bonds in accordance with the Master Trust Indenture to acquire, design, construct and equip additional capital improvements to CAW’s water distribution system and water treatment facilities and acquire land for watershed protection (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 not to exceed \$20,000,000 (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 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 the Secretary of the Board of Commissioners, Central Arkansas Water where it will be available for public inspection.

ADOPTED: April 12, 2007

ATTEST:

APPROVED:

Jay Hartman, Secretary
Board of Commissioners
Central Arkansas Water

Anthony Kendall, Chair
Board of Commissioners
Central Arkansas Water

APPROVED AS TO FORM:

C. Tad Bohannon,
Counsel for Central Arkansas Water

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Jay Hartman, Secretary of the Board of Commissioners, Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2007-05 of the Board of Commissioners of Central Arkansas Water, entitled: 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, adopted April 12, 2007.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of April, 2007.

Jay Hartman, Secretary
Board of Commissioners
Central Arkansas Water

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

May 10, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, May 10, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Thad Luther, P.E., Interim Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Steve Morgan, Director of Regionalism & Future Water Sources
Mr. Gary P. Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Gary Hum, Director of Source & Treatment
Ms. Becky Wahlgreen, Director of Human Resources
Ms. Deena Coston, Controller
Mr. Ron Green, Purchasing Agent
Mr. Jeff Mascagni, Controller
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a Primary Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Matthew Cate, Reporter with the *Arkansas Democrat-Gazette*
Mr. Herb Dicker, President, Little Rock Neighborhood Connections and Policy Advisory Council Member for Lake Maumelle Comprehensive Watershed Management Study
Ms. Pat Dicker, Pulaski County Quorum Court and Policy Advisory Council Member
Mr. Gary Heathcott, President Heathcott Associates
Mr. John Hofheimer, Reporter with *The Leader*
Mr. Hal Kemp Attorney for Waterview Estates
Mr. Darryl Laws, Marlar Engineers
Mr. Mark McBride, Executive Vice President-Manager, Public Finance Department, Stephens, Inc.
Mr. Jim McKenzie, Executive Director of Metroplan
Mr. Bruce McMath, Attorney for CAW with McMath Woods Law Firm
Mr. Brode Morgan, Vice President of Garver Engineers
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Chris Parker, Attorney for CAW with Eichenbaum, Liles & Heister, L.L.C.

Mr. Norvell Plowman, attorney for Mr. Lee Bodenhamer, Lake Maumelle Watershed Property Owner
Mr. Gordon Wilbourn, Bond Attorney with Kutak Rock, L.L.P.

Call to Order of May 10, 2007, Meeting

Mr. Tony Kendall, Chair, called to order the May 10, 2007, meeting of the Board of Commissioners.

Approval of Board Minutes

Chair Kendall called for a motion to approve the minutes from the April 9 and April 12, 2007 meetings. Upon a motion duly made and seconded, the minutes were approved.

Resolution of Commendation

Chair Kendall said that Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer, is retiring and that this was his last working day at CAW. He presented Mr. Kirsch with a resolution commending him for his years of dedicated service to the water industry and his efforts in ensuring a safe drinking water source for Central Arkansas.

Maumelle Watershed Update

Waterview Estates

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management, said that he had expected to have a finalized settlement agreement between CAW and Waterview Estates to present at this meeting. He said that the negotiations are very close to being finalized and that there are just a few minor concerns regarding wording within the agreement document. He added that he supports the agreement, as it is currently written.

Mr. Bruce McMath of McMath Law Firm said that some of the wording concerns relate to land slopes and covenants regulating land use. Mr. McMath said that he believed a resolution to these issues could be reached.

Mr. Hal Kemp, attorney for Waterview Estates, said that the efforts of CAW staff and their attorneys are greatly appreciated. He said that the agreement reached would be a model for future development agreements and that laying the groundwork for a new concept always takes a long time to work through the details. Mr. Kemp added that he believed a resolution to the wording issue could be achieved within the next week.

Mr. Kirsch said that once the agreement has been finalized there will be a meeting held to allow for public review of the agreement.

Dr. Roby Robertson, Vice Chair, asked if it would be possible for the Board to receive a copy of the final agreement for review prior to the public meeting.

Mr. McMath indicated that the Board would have time to review the agreement before the public meeting. He added that he and Mr. Kemp would be available to answer questions during the public meeting.

Mr. Kemp indicated that he would work with Mr. McMath toward presenting a final agreement to the Board at the June 6 Board Meeting.

Mr. Jim McKenzie, Executive Director for Metroplan, recognized Mr. Jim Harvey, retired CEO, and Mr. Bruno Kirsch, Chief Operating Officer, for the hard work and effort they put forth on the issue of watershed protection.

Mr. McKenzie distributed to the Board an outline summary of the proposed agreement between CAW and Waterview Estates. He said that there are only a few small issues to be settled to finalize the agreement document.

Bodenhamer Property

Mr. Kirsch said that Mr. Lee Bodenhamer, property owner within the Lake Maumelle Watershed, has supplied three different appraisals on his property. Mr. Kirsch said that, as of yet, CAW appraisers have not been able to gain access to his property.

DeHaven Property

Mr. Kirsch explained that Mr. Jay DeHaven, developer, has plans for a development on land within the Maumelle Watershed. He said that the DeHaven plans propose three-acre tracts, where CAW's Maumelle Watershed Management Plan requires minimum five-acre tracts.

Mr. Kirsch said that CAW actively opposes the proposed development of this land, as presented, because it does not comply with the Watershed Management Plan. He said that CAW staff has appeared before the Pulaski County Planning Board to voice opposition to the development. Mr. Kirsch added that the Planning Board delayed action and requested Mr. DeHaven to work closely with CAW on the development plans.

Mr. Kirsch said that CAW staff has been in contact with Mr. DeHaven's attorney.

Watershed Implementation Strategy and Ordinances

Mr. Kirsch said that Deltic Timber has forwarded several comments concerning the Maumelle Watershed Management Plan Implementation Strategy and that he has forwarded those comments to TetraTech, Inc. (TetraTech is the consultant hired by CAW to develop the Maumelle Watershed Management Plan and Implementation Strategy.)

Mr. Kirsch said that he and Mr. Luther had recently met with Pulaski County officials and provided them with copies of the Maumelle Watershed Management Plan Implementation Strategy. He said that as model ordinances pertaining to the watershed are drafted, they will be sent to Pulaski County officials for review.

Mr. Tad Bohannon, attorney for CAW, said that he is attempting to keep in touch with city officials as the model ordinances are drafted and the implementation strategy progresses.

Mr. Bohannon said that he has prepared an inter-local agreement concerning soil erosion and is preparing one concerning land development. He said that these should be ready for review by the end of May.

In response to a question by Mr. Kendall, Mr. Kirsch said that CAW has recommended that the Planning Board delay any decisions on the DeHaven development.

Ms. Jane Dickey, Commissioner, expressed concern as to who has the authority to regulate non-discharging wastewater systems within the watershed. Mr. Kirsch said that he plans to meet with representatives of the Arkansas Department of Health and Human Services and the Arkansas Department of Environmental Quality to discuss this issue.

Nominating Committee for Board Officers

Chair Kendall stated that a Nominating Committee is needed to consider selection of officers of the CAW Board of Commissioners. He further stated that the committee would also consider the

appointment/reappointment of Chair Kendall's position as commissioner. (Chair Kendall's commission position expires on June 30, 2007.)

Chair Kendall asked Dr. Roby Robertson, Vice Chair, and Mr. Thomas Rimmer, Commissioner, to serve as the nominating committee, with Vice Chair Robertson serving as the Nominating Committee Chair.

Chair Kendall asked the Nominating Committee to be prepared at the next meeting to nominate officers for the 2007-2008 term and an appointment/reappointment for the upcoming commission vacancy.

Resolutions

Bond Resolution of Intent and Resolution of Signatory Authority

Mr. Gary Pittman, Chief Financial Officer, presented three draft resolutions necessary to proceed with the financing for planned capital improvements.

Mr. Pittman said that the first draft resolution is to authorize staff to apply for a loan, not to exceed \$14 million, from the Arkansas Nature Resources Commission (ANRC) for capital improvements; and the second draft resolution authorizes staff to use the money from the ANRC loan to reimburse CAW for funds used for capital improvements.

Upon a motion duly made by Commissioner Dickey and seconded by Mr. Eddie Powell, Commissioner, the ANRC resolutions were approved.

Mr. Pittman said that the third draft resolution authorizes the offering of an \$17.625 million bond issue discussed at last month's meeting.

Mr. Pittman added that a public hearing on the bond issue would be held 1:00 p.m., May 29, 2007 in the Board Room of the James T. Harvey Administration Building.

Following Mr. Pittman's presentation of the bond resolution, Board Members discussed the importance of reading and understanding the conflicts of interest and disclosure statements.

Upon a motion duly made by Commissioner Powell and seconded by Mr. Thomas Rimmer, Commissioner, the motion to authorize the 2007 Bond Issue was approved.

June Board Meeting Date Change

Chair Kendall said that due to schedule conflicts, the regular June Board Meeting will be held on Wednesday, June 6 at 2:00 p.m.

Chair Kendall also said that due to requirements of the sale of bonds, there will need to be a Special Called Board Meeting via telephone conference call on June 16. The conference call meeting will be held at 2:00 p.m.

Approval of Contracts/Purchases

Upon a motion duly made the Board approved the following contracts/agreements:

- i. A contract with Graves Construction & Maintenance Company for \$522,405 for the installation of approximately 10,300 linear feet of 2-inch-diameter polyvinylchloride water pipe to replace a 2-inch-diameter water main in various areas in West Little Rock

- ii. A contract with Building & Utility Contractors, Inc., for \$320,925 for the replacement of approximately 2,200 linear feet of 12-inch-diameter asbestos cement water line with 12-inch-diameter ductile iron, 8-inch-diameter ductile iron, and 3-inch-diameter polyvinylchloride water line in Spring and Short Streets in Little Rock
- iii. The purchase/repurchase of 22 backhoes from J.A. Riggs Tractor Company for \$1,022,816 (repurchase price of \$973,536, net annual cost of \$49,280)
- iv. A contract with Layne Arkansas for \$153,700 for the rehabilitation of a 2,000 H.P. Synchronous Motor and one existing Vertical Turbine Pump and related appurtenances

Commissioner Dickey recused herself from voting on items iii and iv.

Regionalism

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

- Saline County Watershed Alliance – They have received an engineering report as to their best option for a future water source. The report indicated that their best option would be to secure water from Lake Ouachita.
- Perryville Water Users Association – They have approached both CAW and Wye Mountain Water District regarding a cooperative project for a future water source for their community

Board Briefing

Mr. Luther updated the Board on the following items:

- In the next few months, we will send out Requests for Proposal for a new software program for the Finance Department

Approval for Main Upgrade

Mr. Luther said that CAW had just received plans for major improvements to Fellowship Bible Church on Chenal Parkway in Little Rock. The improvements provide CAW with the opportunity to upgrade the water main in Chenal Parkway to meet specifications stated in CAW's Master Plan. The cost to CAW for their portion of the main upgrade is \$59,500.

Upon a motion duly made by Commissioner Dickey and seconded by Commissioner Hartman, the project was approved.

Adjournment

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

Jay Hartman, Secretary/Treasurer

RESOLUTION - 2007-06

WHEREAS, Bruno Kirsch, Jr., P.E., has served the drinking water industry for 35 years and has served Central Arkansas Water (CAW) and its predecessor utility, Little Rock Municipal Water Works, for 20 years; and

WHEREAS, he has served CAW as Chief Operating Officer and as the utility's first Director of Watershed Management; and

WHEREAS, Mr. Kirsch during his tenure has helped the water utility to meet its objectives in the areas of regulatory compliance, legislative affairs, and watershed protection; and

WHEREAS, Mr. Kirsch had an integral role in the development of the utility's initial Watershed Protection Plan for Lake Maumelle and Lake Winona, and, over the past two years, has led the important community initiative of developing the comprehensive Lake Maumelle Watershed Management Plan; and

WHEREAS, through the defining and exemplary leadership of Mr. Kirsch, the utility was able to work through highly technical issues and diverse constituency interests to achieve the plan's priority goals of protecting long-term Central Arkansas' primary water supply from increased pollution while minimizing land-use restrictions on watershed property owners; and

WHEREAS, he also has served the drinking water industry in a multitude of offices with the Arkansas Water Works & Water Environment Association, Arkansas Water & Wastewater Managers Association, American Water Works Association (AWWA), and Southwest Section-AWWA; and

WHEREAS, as Arkansas' Legislative Liaison to AWWA, a member of AWWA's Water Utility Council, and former Director of the Engineering Division of the Arkansas Department Health, he, in particular, has helped in formulating the industry's federal legislative agenda.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners, Central Arkansas Water, hereby, do commend Bruno Kirsch, Jr., P.E., for a distinguished career in the drinking water industry and in public health protection and express sincere gratitude to Mr. Kirsch for his invaluable role in ensuring a safe and quality drinking water supply for CAW's 398,000 consumers, as well as people nationwide who depend on public water suppliers.

Adopted: May 10, 2007

Anthony Kendall, Chair

Roby D. Robertson, Vice Chair

Jay C. Hartman, Secretary/Treasurer

M. Jane Dickey, Commissioner

Eddie Powell, Commissioner

Thomas W. Rimmer, Commissioner

Francille Turbyfill, Commissioner

RESOLUTION NO. 2007-07

A RESOLUTION DECLARING THE INTENT OF CENTRAL ARKANSAS WATER TO MAKE CERTAIN EXPENDITURES TOWARD CAPITAL IMPROVEMENTS NOT TO EXCEED \$14,000,000 AND TO REIMBURSE ITSELF FOR SUCH EXPENDITURES FROM THE PROCEEDS OF BONDS; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, Central Arkansas Water ("CAW") proposes to acquire, design, construct and equip improvements to its water treatment and distribution system (the "Improvements"), more particularly described as (i) the decommissioning and removal of the gas chlorination facilities at CAW's two water treatment plants and the replacement of those facilities with new sodium hypochlorite facilities and related appurtenances at both water treatment plants; (ii) building additions and modifications to the Jack H. Wilson Water Treatment Plant; and (iii) two new water storage tanks in West Little Rock.

WHEREAS, CAW does not have funds on hand to pay the costs of the Improvements and the expenses related thereto; and

WHEREAS, CAW proposes to obtain funds to accomplish the Improvements and to pay expenses from issuance tax-exempt bonds; and

WHEREAS, CAW desires to declare its "official intent," within the meaning of United States Treasury Regulation §1.150-2, to issue tax-exempt bonds.

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

Section 1. 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, designing, 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 (as hereinafter defined) are issued, plus a de minimis amount and preliminary expenditures, with the proceeds of tax-exempt bonds in the principal amount of not to exceed Fourteen Million Dollars (\$14,000,000) (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.

Section 5. A copy of this Resolution with original signature shall be furnished by the Chief Financial Officer of CAW to the Executive Director of the Arkansas Natural Resources Commission.

ADOPTED: May 10, 2007

ATTEST:

APPROVED:

Jay Hartman, Secretary

Anthony Kendall, Chair

APPROVED AS TO FORM:

C. Tad Bohannon
Counsel for Central Arkansas Water

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Jay Hartman, Secretary of the Board of Commissioners, Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2007-09 of the Resolutions of Central Arkansas Water, entitled: A RESOLUTION DECLARING THE INTENT OF CENTRAL ARKANSAS WATER TO MAKE CERTAIN EXPENDITURES TOWARD CAPITAL IMPROVEMENTS AND TO REIMBURSE ITSELF FOR SUCH EXPENDITURES FROM THE PROCEEDS OF BONDS; AND PRESCRIBING OTHER MATTERS RELATING THERETO, adopted May 10, 2007.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of May, 2007.

Jay Hartman, Secretary
Board of Commissioners
Central Arkansas Water

RESOLUTION NO. 2007-08

A RESOLUTION DESIGNATING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER, THE CHIEF OPERATING OFFICER, AND THE CHIEF FINANCIAL OFFICER OF CENTRAL ARKANSAS WATER TO EXECUTE CERTAIN DOCUMENTS IN CONNECTION WITH THE DRINKING WATER SRF LOAN PROGRAM ADMINISTERED BY THE ARKANSAS NATURAL RESOURCES COMMISSION

WHEREAS, Central Arkansas Water owns and operates a water treatment and distribution system (the "System") in order to provide potable water service to the citizens of the Cities of Little Rock and North Little Rock and the surrounding communities; and

WHEREAS, the Board of Commissioners of Central Arkansas Water (the "Commission") has determined that it is in the best interest of the customers of the System to apply for loan assistance from the Arkansas Natural Resources Commission (the "ANRC") under the Drinking Water SRF Loan Program (the "Program"), in order to make expenditures not to exceed \$14,000,000 toward certain capital improvements to the System;

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

- Section 1. That Thad Luther, as Interim Chief Executive Officer or Chief Operating Officer, is hereby authorized and directed to make application for assistance under the Program administered by the ANRC.

- Section 2 That Graham W. Rich, as Chief Executive Officer, is hereby authorized to execute, when approved by the Commission, a bond purchase agreement with ANRC for and on behalf of Central Arkansas Water.

- Section 3. That in the event Graham W. Rich is unavailable, Thad Luther, as Chief Operating Officer, is hereby authorized to execute, when approved by the Commission, a bond purchase agreement with ANRC for and on behalf of Central Arkansas Water.

- Section 4. That Thad Luther, as Chief Operating Officer, is hereby authorized to execute, for and on behalf of Central Arkansas Water, such other documents and certificates as may be required by ANRC (i) for participation in the Program, or (ii) to satisfy CAW's obligations under the bond purchase agreement with ANRC, once such agreement is approved by the Commission.

- Section 5. That Gary Pittman, as Chief Financial Officer, is hereby authorized to execute, for and on behalf of Central Arkansas Water, such other documents and certificates as may be required by ANRC (i) for participation in the Program, or (ii) to satisfy CAW's obligations under the bond purchase

agreement with ANRC, once such agreement is approved by the Commission.

Section 6. This Resolution shall be in effect from and after the date of its adoption.

ADOPTED: May 10, 2007

ATTEST:

APPROVED:

Jay Hartman, Secretary

Anthony Kendall, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Jay Hartman, Secretary of the Board of Commissioners, Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2007-07 of the Resolutions of Central Arkansas Water, entitled: A RESOLUTION DESIGNATING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER, THE CHIEF OPERATING OFFICER, AND THE CHIEF FINANCIAL OFFICER OF CENTRAL ARKANSAS WATER TO EXECUTE CERTAIN DOCUMENTS IN CONNECTION WITH THE DRINKING WATER SRF LOAN PROGRAM ADMINISTERED BY THE ARKANSAS NATURAL RESOURCES COMMISSION, adopted May 10, 2007.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of May, 2007.

Jay Hartman, Secretary
Board of Commissioners
Central Arkansas Water

RESOLUTION NO. 2007-09

A RESOLUTION AUTHORIZING THE OFFERING OF UP TO \$17,625,000 OF CENTRAL ARKANSAS WATER WATER REVENUE BONDS, SERIES 2007 (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, Kutak Rock LLP, as its Disclosure 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 Chief Financial Officer together with the Financial Advisor, Bond Counsel, and Disclosure Counsel 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 Chief Financial Officer, 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 2007 (the "Bonds"). The Bonds shall be offered for sale in the aggregate principal amount of not to exceed \$17,625,000 by written or electronic bids, at such time as may be approved by the Chief Financial Officer 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 Chief Financial Officer shall meet with the Financial Advisor to receive the bids, and the Chief Financial Officer 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 Chief Financial Officer shall deem advisable and the Preliminary Official Statement is hereby approved for use in connection with the sale of the Bonds.

Section 4. The Chief Financial Officer 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 Chief Financial Officer, 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 prospective bidders for the Bonds, in substantially the forms submitted to this meeting, with such changes and modifications as the Chief Financial Officer shall deem appropriate.

Section 6. The Chief Financial Officer 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: May 10, 2007

ATTEST:

Jay Hartman, Secretary

Anthony Kendall, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Jay Hartman, Secretary of the Board of Commissioners of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2007-08 of the Resolutions of Central Arkansas Water entitled: A RESOLUTION AUTHORIZING THE OFFERING OF UP TO \$17,625,000 OF CENTRAL ARKANSAS WATER, WATER REVENUE BONDS, SERIES 2007 (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 May 10, 2007, said Resolution now appearing of record in the office of Central Arkansas Water.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of May, 2007.

Jay Hartman, Secretary

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

June 6 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Wednesday, June 6, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Graham W. Rich, P.E., Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Sources
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Gary Hum, Director of Source & Treatment
Mr. Jeff Mascagni, C.P.A., Controller
Mr. Rodney Johnson, Supervisor of Lake Winona
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a Primary Member of the Policy Advisory Council (PAC) for Lake Maumelle Comprehensive Watershed Management Study
Ms. Ruth Bell, PAC Member and League of Women Voters
Mr. Dee Brown, P.E., Brown & Brown Engineers
Mr. Alan Clingenpeel, Hydrologist, U.S. Forest Service
Mr. Barry Haas, alternate on PAC
Mr. Gary Heathcott, President, Heathcott Associates
Mr. Jim Holub, Brown & Brown Insurance
Ms. Jill Joslin, Vice President and Account Supervisor, Heathcott Associates
Ms. Alett Little, Forest Planner, U.S. Forest Service
Ms. Beth Martin, photographer for Heathcott Associates
Mr. Bruce McMath, Attorney for CAW with McMath Woods Law Firm
Mr. Brode Morgan, Vice President of Garver Engineers
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of the PAC for Lake Maumelle Comprehensive Watershed Management Study
Mr. Norvell Plowman, attorney for Mr. Lee Bodenhamer, Lake Maumelle Watershed Property Owner
Mr. Dale Russom, Russom Technical Services

Dr. Hezekiah Stewart, Watershed Human and Community Development Agency
Ms. Yvette Stewart, Daughter of Dr. Stewart
Ms. Karen Tinkle, District Ranger for the Jessierville/Winona/Fourche District, U.S. Forest Service
Mr. Brandon Tubbs, Reporter for Arkansas Democrat Gazette
Mr. Paul Wilkerson, River City Ministries
Mr. Doug Wilson, Agent with Insurance Center, Inc.

Call to Order of June 6, 2007, Meeting

Mr. Tony Kendall, Chair, called to order the June 6, 2007, meeting of the Board of Commissioners.

Mr. Graham W. Rich, Chief Executive Officer, welcomed guests.

Approval of Board Minutes

Chair Kendall called for a motion to approve the minutes from the May 10, 2007 meeting. Upon a motion duly made and seconded, the minutes were approved.

Maumelle Watershed Update

Waterview Estates

Mr. Rich told the Board that he has met with Mr. Rick Ferguson of Waterview Estates and has met several times with CAW attorneys in trying to finalize the language in an agreement with Waterview Estates. He added that the agreement is very close to being a finished document.

He reminded the Board that once a final document has been reached, copies will be distributed to the Board for review, a session for public comments will be held, and then the agreement would return to the Board for a vote as to whether to accept or reject the agreement with Waterview Estates.

Mr. Rich thanked Mr. Jim McKenzie, Executive Director of Metroplan, for his assistance in trying to reaching an agreement. He said that Mr. McKenzie has been extremely helpful in this process.

Mr. Bruce McMath, attorney for CAW with McMath Woods Law Firm, agreed that a final agreement is close. Mr. McMath said that this agreement is a complicated document that will be around for decades and that it is very important that it be clear so as to ensure understanding of its meaning and intent.

Chair Kendall stated that once a final document has been reached, members of the public will have a chance to review it before the meeting for public comments.

Dr. Roby Robertson, Vice Chair, said that he believes a strong agreement with Waterview Estates that meets the Lake Maumelle Watershed Management Plan will help ensure the Board reaches the right decision on the document.

DeHaven Property

Mr. Rich said that the Pulaski County Planning Commission denied Mr. DeHaven's plans to

develop, as they were presented. Mr. Rich said that he has met with Mr. DeHaven since the Planning Commission meeting and that Mr. DeHaven has indicated he will present a new set of plans that will be in accordance with the Watershed Management Plan.

Mr. Rich added that he has a meeting set up with Mr. DeHaven next week.

Watershed Implementation Strategy and Ordinances

Mr. Rich said that CAW attorneys are currently working on drafting ordinances for the Lake Maumelle Watershed. He asked Mr. Bohannon to talk about these ordinances.

Mr. Bohannon said that he has prepared an inter-local agreement concerning soil erosion. He added that he is working with TetraTech, Inc., on preparing an ordinance concerning land development.

Annual Report from U.S. Forest Service

Mr. Gary Hum, Director of Source & Treatment, reminded the Board that CAW has had a very long and beneficial relationship with the U.S. Forest Service. He added that representatives from the Forest Service are invited each year to attend a Board Meeting to report on activities within the watershed.

Mr. Alan Clingenpeel, Hydrologist with the U.S. Forest Service, said that in November 2005 the U.S. Forest Service required all national forests to designate routes for all motorized travel and to publish a motor vehicle use map (MVUM). He told the Board that the popularity of all-terrain vehicles and off-highway vehicles is creating problems for the Forest Service and that the Forest Service is taking public comments in seeking a solution to the many problems caused by the use of these vehicles in national forests.

Chair Kendall said that the good relationship that exists between CAW and the Forest Service is much appreciated and valued. He added that he is confident it will continue.

Help to Others Customer Assistance Fund Presentation

Ms. Marie Crawford, Director of Communications, introduced Dr. Hezekiah Stewart of Watershed Human and Community Development Agency (assists customers south of the Arkansas River) and Mr. Paul Wilkerson of River City Ministries (assists customers north of the Arkansas River). Ms. Crawford explained that these agencies are charged with distributing to families in need money received from the Help to Others Customer Assistance Fund. She also introduced Mr. Gary Heathcott, President of Heathcott Associates. She said that Heathcott Associates solicits the advertising that garners revenue for the fund.

Ms. Crawford said that the Help to Others Customer Assistance Fund has provided \$148,000 in assistance in paying utility bills to approximately 1,500 customers. She reported that, over the last month, four private donations totaling \$5,000 have been received into the fund. Ms. Crawford said that the donations would provide assistance in paying water bills for 60 customers. She added Mr. Heathcott would like to make a special presentation to the two agencies.

Mr. Heathcott presented to the agencies a mock check representing the \$5,000 in private donations. He said that in the three years since the inception of the program, several hundred

businesses have participated through billing inserts advertising their businesses or services. These advertisements are included with the monthly water bills and offer discounts or coupons for the businesses. Mr. Heathcott added that Heathcott Associates has provided in-kind time and services amounting to approximately \$5,000 per year.

Business Insurance

Mr. Jeff Mascagni, C.P.A., Controller, said that invitations to bid on a three-year contract for business insurance were sent out in February 2007. He said that four agencies responded and that the low bid of \$215,091 was received from Insurance Center. Mr. Mascagni said that this bid reflects a 14 per cent decrease in the premiums from 2006. He said that the insurance proposal received from Insurance Center exceeds the specifications that were sent out for bid. He added that the proposed insurance contract covers property, crime, auto, directors and officers, employment practices, and excess liability.

In response to a question by Mr. Eddie Powell, Commissioner, Mr. Doug Wilson agent for Insurance Center, said that the categories of coverage have remained the same as the previous insurance contract but with increased limits in some categories.

Upon a motion duly made by Commissioner Powell and seconded by Mr. Jay Hartman, Commissioner, the contract was approved.

Mr. Wilson said that CAW staff and management have a well-deserved reputation for efficiency and quality. He also said that the efficiency and quality of CAW staff is directly responsible for keeping insurance costs to a minimum.

Election of Board Officers

Dr. Roby Robertson, Vice Chair, asked Mr. Thomas Rimmer, Commissioner, to report on the decision of the Nominating Committee as to the appointment of officers for 2007-2008.

Commissioner Rimmer said that the Nominating Committee recommends the following officer nominations:

Dr. Roby Robertson – Chair
Mr. Jay Hartman – Vice Chair
Ms. Francille Turbyfill – Secretary/Treasurer

Upon a motion duly made by Commissioner Rimmer and seconded by Ms. Jane Dickey, Commissioner, the Board Officers were approved.

Reappointment of Commissioner

Dr. Robertson said that Chair Kendall's Commission position expires on June 30, 2007. He said that the committee recommends the reappointment of Chair Kendall as Commissioner on the CAW Board of Commissioners.

Upon a motion duly made by Vice Chair Robertson, and seconded by Commissioner Powell, the reappointment was approved.

Board Briefing

Mr. Rich told the Board that his time since coming to work at CAW has been hectic but exciting. He said that he is very impressed with the quality of staff at CAW and that everyone has made him feel welcomed. Mr. Rich thanked staff, and specifically Mr. Thad Luther, Chief Operating Officer, for their assistance in making this an easy and efficient transition.

Mr. Rich updated the Board on the following items:

- Mr. Martin Maner has been hired as the Director of Watershed Management and is scheduled to begin at CAW on Monday, June 11. Mr. Maner comes to us from the Arkansas Department of Environmental Quality (ADEQ) where he served as Chief of the Water Division.
- As a result of a conference telephone call that Mr. Gary Pittman, Chief Financial Officer, had with Moody's Investors Service, CAW's credit rating was upgraded from A1 to A3. Mr. Pittman said this should enable CAW to receive a better interest rate in the bond sale.
- A public hearing for the sale of CAW bonds was held on May 29 at the James T. Harvey Administration Building. Mr. Pittman said the bond sale would close on July 18, 2007.

Withdrawal of Bid on Main Installation Contract

Mr. Luther said that at last month's Board Meeting a contract was awarded to Graves Construction & Maintenance Company for \$522,405 for the installation of replacement water mains in the west mid-town area of Little Rock. He said that, since then, it has been discovered that the contractor is not able to obtain a Performance & Payment Bond. As a result, the contractor asks to withdraw his bid and staff recommends awarding the contract to the next lowest bidder, Building & Utility Contractors, Inc, for \$541,700.

Ms. Dickey recused herself from voting on this contract as she had not had the opportunity to review this contractor for conflicts of interest.

Upon a motion duly made by Vice Chair Robertson and seconded by Commissioner Powell, the contract was approved.

Travel Policy Update

Chair Kendall asked Mr. Tad Bohannon, attorney for CAW with Wright, Lindsey & Jennings, to provide an update on the CAW Travel Policy at the July meeting.

Adjournment

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

Jay Hartman, Secretary/Treasurer

RESOLUTION 2007-10

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

WHEREAS, the term of Mr. Anthony Kendall, a member of the Board of Commissioners, Central Arkansas Water ("CAW Board"), expires on June 30, 2005; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER, THAT the remaining commissioners do hereby re-appoint Mr. Kendall to a seven-year term, subject to approval by the duly elected and qualified members of the Board of Directors of the City of Little Rock and the City Council of the City of North Little Rock, and that his term of office will be July 1, 2007, through June 30, 2014.

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

CERTIFICATE

I, Mr. Jay Hartman, 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 6, 2007.

Mr. Jay Hartman, Secretary

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

June 14 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a Special Called Meeting at 2 p.m., Thursday, June 14, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present by Telephone Conference Call:

Dr. Roby Robertson, Vice Chair
Mr. Jay Hartman, Secretary
Ms. M. Jane Dickey, Commissioner
Mr. Eddie Powell, Commissioner
Mr. Thomas W. Rimmer, Commissioner
Ms. Francille Turbyfill, Commissioner
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

CAW staff in attendance:

Mr. Graham W. Rich, P.E., Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Jeff Mascagni, C.P.A., Controller
Ms. Connie Horn, Management Secretary

Also in attendance:

Mr. Matthew Cate, Reporter with the *Arkansas Democrat-Gazette*

Call to Order of June 14, 2007, Meeting

Dr. Roby Robertson, Vice Chair, called to order the June 14, 2007, meeting of the Board of Commissioners.

Mr. Graham Rich, Chief Executive Officer, said that the meeting was called in order to ratify the sale of and authorize the issuance of bonds.

Mr. Gary Pittman, Chief Financial Officer, said that CAW has received bids from five firms to underwrite the sale of bonds. He said that CAW He stated further that CAW had accepted the low bid of 4.63% from Prager, Sealy & Company, L.L.C.

Upon a motion duly made by Vice Chair Robertson and seconded by Mr. Thomas Rimmer, Commissioner, the sale of bonds was authorized.

Adjournment

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

Jay Hartman, Secretary/Treasurer

RESOLUTION NO. 2007-11

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 OF AND INTEREST ON THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF 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 including the acquisition of (i) real property within the Lake Maumelle watershed; (ii) acquisition, construction and/or installation of additional water distribution and transmission mains, fire hydrants and water storage facilities; (iii) facilities upgrades; (iv) the acquisition and installation of various water pumping, processing and production equipment; and (v) the costs of related engineering and other services (the "Improvements") to the water collection, treatment and distribution systems (collectively, the "Water System") having a total approximate cost of \$106,000,000; 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) the proceeds of water revenue bonds issued pursuant to the Act and (2) funds derived from the operating revenues of the Water System; and

WHEREAS, the Issuer previously issued \$22,000,000 of its Water Revenue Bonds, Series 2002, dated October 1, 2002 (the "Series 2002 Bonds"), pursuant to a Master Trust Indenture dated as of October 1, 2002 (the "Master Trust Indenture"), as supplemented and amended by a Supplemental Trust Indenture dated as of October 1, 2002 (the "Series 2002 Supplemental Indenture"); and

WHEREAS, the Issuer previously issued \$22,000,000 of its Water Revenue Bonds, Series 2004, dated November 15, 2004 (the "Series 2004 Bonds"), pursuant to the Master Trust Indenture as supplemented and amended by a Supplemental Trust Indenture dated as of November 15, 2004 (the "Series 2004 Supplemental Indenture"); and

WHEREAS, pursuant to the Agreement, the Issuer, by letter of its Chief Financial Officer dated April 13, 2007, notified the cities of Little Rock and North Little Rock of its intention to issue the Series 2007 Bonds (identified hereinafter) and neither City as of the date of this resolution has voted its disapproval of the Series 2007 Bonds; and

WHEREAS, pursuant to the Agreement and the Revenue Bond Act of 1987 (Act 852), the Issuer caused to be published on May 14, 2007, a notice of public hearing on the question of issuing the Series 2007 Bonds and thereafter, on May 29, 2007, 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. 2007-09 of the Commission dated May 10, 2007, the Chief Financial Officer was authorized to accept the bid resulting in the lowest true interest cost to the Issuer and accordingly the Chief Financial Officer approved the sale of the third series of the Issuer's water revenue bonds in the principal amount of \$17,625,000 (the "Series 2007 Bonds") to Prager, Sealy & Co., L.L.C., (the "Purchaser") for a sale price of One Hundred One and Four One-Hundredths percent (101.04%) of par, being the aggregate sum of \$17,808,232.95 plus accrued interest in the amount of \$6,976.56, resulting in a true interest cost of 4.6313452%. The Purchaser's bid together with the four (4) 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 2007 Bonds will be issued in the aggregate principal amount of \$17,625,000; 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 2007 (the "Series 2007 Bonds") to the Purchaser for a price of One Hundred One and Four One-Hundredths percent (101.04%) of par, being the aggregate sum of \$17,808,232.95, plus accrued interest in the amount of \$6,976.56, 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 \$17,625,000. 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 the Master Trust Indenture, as supplemented and amended by the Series 2002 Supplemental Indenture, the Series 2004 Supplemental Indenture and the Series 2007 Supplemental Indenture (identified hereinafter).

Section 2. The issuance of the Series 2007 Bonds is hereby authorized for the purposes of (i) providing funds to finance a portion of the costs of the Improvements (ii) to fund the Series 2007 Debt Service Reserve Subaccount, and (iii) to pay the costs of issuance of the Series 2007 Bonds. The Series 2007 Bonds will mature, bear interest and be subject to redemption in accordance with the provisions of the Series 2007 Supplemental Indenture. The Series 2007 Bonds will be issued on a parity of security with the Series 2002 Bonds, the Series 2004 Bonds, and 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 2007 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 May 29, 2007, 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 Chief Financial Officer 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 2007 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 2007 Bonds and the Chief Executive Officer is hereby authorized and directed to execute the Series 2007 Bonds and to affix the Seal of the Issuer thereto.

Section 6. To prescribe the terms and conditions upon which the Series 2007 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 Series 2007 Supplemental Trust Indenture (the "Series 2007 Supplemental Indenture") (collectively, the Master Trust Indenture, the Series 2002 Supplemental Indenture, the Series 2004 Supplemental Indenture, and the Series 2007 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 Series 2007 Supplemental 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 Series 2007 Supplemental Indenture to be accepted, executed and acknowledged by the Trustee. The Series 2007 Supplemental 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 Chief Financial Officer 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 Series 2007 Supplemental Indenture, the issuance, execution, sale and delivery of the Series 2007 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 Chief Financial Officer 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, Wright, Lindsey & Jennings LLP, as Bond Counsel, and Kutak Rock LLP, as Disclosure Counsel, are hereby approved and ratified.

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]

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

ADOPTED: June 14, 2007

ATTEST:

Jay Hartman, Secretary

Anthony Kendall, Chair

CERTIFICATE

STATE OF ARKANSAS)
COUNTY OF PULASKI)
CITY OF LITTLE ROCK)

I, Jay Hartman, 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. 2007-___ 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 OF AND INTEREST ON THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL TRUST INDENTURE; APPROVING THE OFFICIAL STATEMENT; AND PRESCRIBING OTHER MATTERS RELATING THERETO;** passed by the Commission on June 14, 2007, said Resolution now appearing of record in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office on this 14th day of June, 2007.

Jay Hartman, Secretary

10:04:51 a.m. CDST	Upcoming Calendar	Overview	Compare	Summary
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Bid Results

**Ctrl Arkansas Wtr
\$17,625,000 Water Revenue Bonds, Series 2007**

The following bids were submitted using **PARITY**[®] and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input checked="" type="checkbox"/> Reoffering	Prager, Sealy & Co., LLC	4.631459
<input type="checkbox"/>	A.G. Edwards & Sons, Inc.	4.645142
<input type="checkbox"/>	Merrill Lynch & Co.	4.668324
<input type="checkbox"/>	Morgan Keegan & Company, Inc.	4.684135

Bank of America 4.672

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

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Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

July 12, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, July 12, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Graham W. Rich, P.E., Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Sources
Ms. Marie A. Crawford, Director of Communications
Ms. Martin Maner, P.E., Director of Watershed Management
Ms. Becky Wahlgreen, Director of Human Resources
Ms. Connie Horn, Management Secretary
Mr. Jim Harvey, Retiring CEO
Ms. Shanara Young, Temporary Assistant to Marie Crawford
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a Member of the Policy Advisory Council (PAC) for Lake Maumelle Comprehensive Watershed Management Study
Mr. Phillip Baldwin, Architect
Ms. Jeannie Baltz, Citizen
Ms. Linda Bessette, Citizen
Mr. Lee Bodenheimer, Property Owner in Lake Maumelle Watershed
Ms. Jeannie Bo, Citizen
Ms. Dana Bradley, Reporter for KARN Radio
Mr. Matthew Cate, Reporter for the *Arkansas Democrat-Gazette*
Mr. Richard Clark, Citizen
Mr. Tim Daters, White-Daters Associates, Inc.
Mr. Herb Dicker, President, Little Rock Neighborhood Connections and PAC Member
Ms. Pat Dicker, Pulaski County Quorum Court and PAC Member
Mr. Dustin Duke, Citizen
Ms. Pamela Gibson, Citizen
Mr. Barry Haas, alternate PAC Member
Mr. Gary Heathcott, President, Heathcott Associates
Mr. Earl Hillard, Maumelle Watershed Landowner

Ms. Stephanie Hymel, Audubon Society
Ms. Jill Joslin, Vice President and Account Supervisor, Heathcott Associates
Mr. Hal Kemp, Attorney for Waterview Estates
Mr. Clayton Johnson, Citizen
Mr. Hamilton Kemp, Student
Mr. R. Hyatt Lee, Citizen
Ms. Mara Leverett, Citizen
Ms. Caroline Matheny, Citizen
Mr. Marcus McDonald, Photographer with KATV-Channel 7
Mr. Bruce McMath, Attorney for CAW with McMath Woods Law Firm
Mr. Jim McKenzie, Executive Director of Metroplan
Mr. Chuck Nestrud, Attorney for Deltic Timber Corp.
Mr. Craig Noble, City of Russellville
Mr. Danny O'Kelley, Citizen
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate PAC Member
Ms. Ann Park, Citizen
Mr. Chris Parker, Attorney for CAW with Eichenbaum, Liles & Heister Law Firm
Mr. Norvell Plowman, attorney for Mr. Lee Bodenhamer, Lake Maumelle Watershed Property Owner
Mr. Bill Saunders, Sierra Club
Ms. Ashley Slater, Citizen
Ms. Pamela Smith, Reporter for KATV-Channel 11
Ms. Kathy Wells, Alternate PAC Member
Ms. Jeannie Williams, Citizen
Mr. Ray Voglepohl, Citizen
Mr. Deymon Welch, Citizen
Mr. Craig Wood, Former CAW Commissioner

Call to Order of July 12, 2007, Meeting

Dr. Roby Robertson, Chair, called to order the July 12, 2007 meeting of the Board of Commissioners.

Special Presentation to Commissioner Kendall

Chair Robertson presented to Mr. Tony Kendall, Commissioner, a plaque commemorating his service as Chair of the Board of Commissioners for 2006-2007. Chair Robertson thanked Commissioner Kendall for serving as Chair during the past year and said that Commissioner Kendall had carried out his term as Chair in an extremely effective manner. Chair Robertson said that all the Commissioners appreciate his efforts over the past year.

Commemorative Plaque Honoring Jim Harvey

Ms. Jane Dickey, Commissioner, reminded the Board that at the February 2007 Board Meeting they had approved the renaming of the Water Utilities Building to the James T. Harvey Administration Building. She told them that the permanent name plaque had arrived and will be placed on the wall in the foyer of the building.

Ms. Dickey told the Board that Mr. Harvey was present today and thanked him for his wonderful service to the utility for over 35 years.

Approval of Board Minutes

Chair Robertson called for a motion to approve the minutes from the June 6 and June 14, 2007 meetings. Upon a motion duly made by Mr. Eddie Powell, Commissioner and seconded by Mr. Jay Hartman, Vice Chair, the minutes were approved.

WATERVIEW ESTATES SETTLEMENT AGREEMENT

Chair Robertson stated that Mr. Graham Rich, Chief Executive Officer, would present details of the proposed settlement agreement between CAW and Waterview Estates. He said that, following the presentation, Mr. Rich would respond to questions from the Board. Chair Robertson added that following the questions, a period of 30 minutes would be allowed in order to receive public comments.

Mr. Rich reminded the Board that a public meeting to allow discussion between CAW and the public had been held on Monday, July 9. He said that there were a large number of questions and comments received from the public at this meeting.

Mr. Rich reviewed the history of the Waterview litigation proceedings, provided the Board with a status report of the events leading to the proposed Waterview agreement, discussed what appeared to be the areas of concern to members of the public regarding the agreement, and the actions that would take place if the agreement was approved by the Board.

Vice Chair Hartman asked about the maintenance of the diversion ditch mentioned in the agreement. Mr. Rich said that a ditch would be constructed on Waterview Estates property to divert stormwater runoff out of the watershed. He said that the agreement calls for the creation of an improvement district that would maintain the ditch and permanent 60-foot ditch easement at the sole cost of the improvement district.

In response to a question by Mr. Tony Kendall, Commissioner, Mr. Rich said that there are no restrictions as to the proximity of structures to the diversionary ditch.

Mr. Eddie Powell, Commissioner, questioned how many homes would be built on the 179 acres in question.

Mr. Hal Kemp, attorney for Waterview Estates, said that it was undetermined at this time as to the number of buildings. He said that number would depend on the topography of the land and the type of soil encountered once development begins.

Mr. Thomas Rimmer, Commissioner, asked if the agreement provides assurance that sewage treatment would be handled through a sewage treatment facility rather than the use of septic tanks.

Mr. Rich said that the installation of septic tanks required a permit from the Arkansas Department of Health and Human Services if the lot was less than three-acres. He said that the lot sizes in Waterview Estates development plans are over three-acres.

In response to questions by Chair Robertson and Commissioner Kendall as to the amount of run-off the ditch could handle, Mr. Rich said that the diversion ditch will be designed for a 100-year storm.

Ms. Jane Dickey, Commissioner, asked what type of maintenance the diversion ditch would require.

Mr. Rich said that possible problems that would be watched for are misalignment of ditch sections, settling of the ditch, vegetation growth in the ditch, compaction of soil, etc.

Mr. Powell said he had several questions that he felt should be addressed before approving the agreement. He said that he has concerns regarding designing a diversion ditch before the number of structures to be built has been determined, the fact that the remaining 2,000 acres owned by Waterview Estates are not included in the agreement, and the possible polluting of Lake Maumelle during the construction of the diversion ditch.

Mr. Rich said that the agreement addresses these issues and that during construction there will be daily inspections performed by CAW staff to monitor construction.

Mr. Powell asked what would happen if the property owners' association does not uphold their responsibility toward pollution control.

Mr. Rich said that the agreement contains a provision for such a situation and that CAW could seek legal recourse if a situation of that type occurred.

Mr. Rich stressed that CAW's first priority is to protect the drinking water of Central Arkansas.

Mr. Powell said he had several more questions:

- A conservation easement should remain in as natural a state as possible. What is the developer/POA allowed to do in the conservation easement?
- What is the benefit to CAW to grant all the rights this agreement gives to the developer?
- In the conservation easement section of the agreement there is a reference to the "grantors right to convey a mortgage". What is this and is it normal?

Mr. Kemp said that the "grantors right to convey a mortgage" is a legal term that is used to indicate that this is a perpetual easement and is language that was taken from the agreement between CAW and Alotian Golf Club.

Public Comment Period Begins

Ms. Kathy Wells, Alternate on Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study, said that the agreement has too many loose ends, i.e., how many houses will be built, fuzzy language regarding proposed ordinances, etc. Ms. Wells said that she would like to hear from the developer but he never attends any of the meetings to face the public. She asked the following questions:

- Why is the CAW Board settling the law suit with Waterview Estates when CAW won in court the right to condemn the portion of the development that is located within the Lake Maumelle Watershed?
- Wouldn't it be vastly cheaper for CAW to spend the money on legal expenses to purchase the land than to possibly need to spend much more in the future on a new water treatment facility?

Ms. Wells asked the Board to stick to their earlier decision to not allow development within Critical Area A of the Lake Maumelle Watershed.

Ms. Jeannie Williams, Citizen, thanked the Commissioners for the time they have spent on this issue over the past three years. She asked the Board to not approve the agreement with Waterview Estates and listed her reasons for this request:

- Mr. Rick Ferguson, developer, knew when he purchased the land that it was in an area within the watershed where development was not allowed.
- The number of people that this decision will impact is close to 500,000.
- Too many unanswered questions in the agreement.

- The Board needs more time to think about their decision and the effect it will have on the Central Arkansas area.
- A decision by the Board to approve the agreement could result in legal action taken by consumer groups against development within the watershed.

Ms. Williams added that, as a concerned citizen and ratepayer, she does not believe it should come to this point after three years of litigation and a lot of time and effort put forth by the members of the advisory councils.

Ms. Mara Leverett, a concerned citizen, said she is concerned about the future risk to the drinking water taken from Lake Maumelle if development is allowed in the watershed. She asked the Board to consider if there is any benefit to approving this agreement, other than reduced legal costs.

Ms. Pat Dicker, Pulaski County Quorum Court and Policy Advisory Council Member, said she had attended the public forum held on Monday of this week and that everyone who spoke at the meeting was against this agreement with Waterview Estates. She said that should be an indication to the Board that the ratepayers do not want this development in the watershed. She added that ratepayers are willing to pay whatever it costs to purchase the land in the Lake Maumelle Watershed and protect the water quality for Central Arkansas.

Ms. Dicker had many concerns and questions about the agreement that she believed should be considered by the Board:

- Estimated flooding-based land plans, such as the 100-year storm design for the diversion ditch, do not always work.
- Who will build the ditch and what kind of controls will be in place to ensure the ditch is properly built?
- Has the builder checked with a geologist to determine how many homes can be built on rock?

Ms. Dicker stressed that she believes the best way to protect the quality of the water in the lake is to not allow development in the watershed. She asked the Board to reject the agreement and purchase the land in Critical Area A.

Mr. Craig Wood, former CAW Commissioner, told the Board that he is very impressed with the research study and work done by the consultant, Tetra Tech, Inc., and the advisory councils. Mr. Wood said that the agreement provides two things: 1.) an opportunity for the developer of Waterview Estates to make a lot of money; and 2.) a beautiful view of Lake Maumelle for approximately 100 families, at the risk to over 400,000 consumers. He said that not only do the current 400,000+ people in central Arkansas depend on this lake for their drinking water needs but also future generations.

Mr. Wood added that this lake was built strictly as a source for drinking water and, though it has been in use for over 60 years, the water remains pristine. Mr. Wood said he is concerned that too many issues in the agreement remain unresolved, i.e. who will pay for clean-up of the water when the ditch fails, as it surely will. Mr. Wood urged the Board to vote against approval of the Waterview Agreement.

Mr. Barry Haas, an alternate on the Policy Advisory Council, said that the Board made the right decision ten years ago when they voted against development in the Lake Maumelle Watershed and he added that it is still the right decision. He noted that the Board spent \$1.2 million to hire a professional consultant to assist the advisory councils

in creating a Watershed Management Plan. He said that if the Board approves this

agreement, it would be a complete U-turn. He urged the Board to reject the proposed agreement and buy the land in the watershed for the protection of the drinking water needs of Central Arkansas. Mr. Haas urged the Board to work with developers who own land within the watershed to cede that land to CAW as conservation easements and then CAW will provide them with water for the remainder of their development.

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and a member of the Policy Advisory Council thanked the Board for holding the Public Forum earlier in the week, even though there was not a requirement for them to do so. Ms. Althoff stated she wished Mr. Rick Ferguson, developer of Waterview Estates, had attended the Public Forum and today's Board Meeting. Ms. Althoff told the Board that she has studied the proposed agreement closely and has conferred with CAW staff on the study. Ms. Althoff said that her organization opposes the agreement and listed their reasons:

- All watersheds are unique and conservation easements that work in one, may not work in another.
- The proposed agreement does not address possible housing density – could multiple family structures be built?
- Human tendencies to enjoy the lake in ways not allowed, i.e. human and animal swimming, kayaking, etc.
- Proposed agreement does not provide vital legal assurances regarding wastewater disposal
- Developer was aware before purchase that CAW had stated development would not be allowed on that land.
- Proposed agreement does not require developer to follow the WMP.
- Approval of proposed agreement opens the door for future development in the watershed.
- Approval of proposed agreement has no benefit to ratepayers.

Ms. Caroline Matheney, a concerned citizen, said she knows some of the families who lost their homes when the lake was originally built and that they still have some bitter feelings over the building of the lake. She said these families made a big sacrifice to ensure the availability of clean drinking water. She added that she has watched all these dedicated citizens who have worked so hard for so long to reach a watershed plan and is so proud of the significance this plan has for future generations.

Mr. Clayton Johnson, a concerned citizen, said that many good points have been made today. Mr. Johnson stated that he is President of the Coalition of Little Rock Neighborhoods and President of Little Rock Connectons and has spent a lot of time working with Mr. Harvey and others on the Watershed Management Plan. Mr. Johnson stated that the organizations he represents have thousands of Little Rock citizens as members and these members do not want any development in the Lake Maumelle Watershed. He said that the Board is not qualified to make the decision as to development within the watershed but does have a process in place to hire expert consultants with a long history in watershed management who are qualified to make these types of decisions. Mr. Johnson said that the Board's own consultant advises there be no development in Zone A. Mr. Johnson reminded the Board that all action has a reaction and that the construction of the ditch is the action, but we don't yet know the reaction. Mr. Johnson stated that the Board must vote no to development in Zone A.

Mr. Earl Hillard said that he is a landowner in the Maumelle watershed and an alternate member of the advisory council. He said that the advisory councils came up with a good WMP which the Board approved in February 2007. Mr. Hillard said that the only

way to protect the quality of the water in Lake Maumelle is to prohibit development in Zone A. He said the Board should also consider the constraints that approval of this agreement will put on CAW's new management team. He said that this agreement will weaken CAW's ability to protect the Lake Maumelle Watershed in the future.

Mr. Lindsey East, a concerned citizen, said that there are many questions not addressed in the proposed agreement, i.e. are funds set aside to cover the costs to clean-up pollution in the lake if the diversion should fail, is it possible to completely remove pollutants once they are in the lake, what about the use and failure of septic systems, and how will the daily use of household chemicals affect the water quality of the lake.

Public Comment Period Ends

Mr. Rich thanked the public for their comments.

Mr. Rich said that during this week of the Board Meeting over 1,000 contacts (phone calls, letters, e-mails, etc.) have been received.

Mr. Powell noted that many people have said they would be willing to pay a higher water bill in order to prevent development in the Lake Maumelle Watershed and to protect the quality of the water in Lake Maumelle. Mr. Powell said that he feels it is important to understand the cost to ratepayers to purchase the land in Waterview Estates that is located in the watershed.

In response to Mr. Powell's question as to the amount that would be added to a water bill in order to purchase the land, Mr. Rich gave the following quotes of additional cost over a 12-month period:

- \$3 million purchase price = additional \$2.08/month/connection
- \$7 million purchase price = additional \$4.86/month/connection
- \$10 million purchase price = additional \$6.94/month/connection

Commissioner Rimmer said he noted that the Waterview Estates development plan calls for a sewage system as opposed to the use of septic tanks. He said that there seemed to be no guarantee that Waterview Estates would not change their plans to include septic tanks and wondered if the agreement should be modified to state such a guarantee.

Mr. Rich said that according to Arkansas law, Arkansas Department of Health & Human Services would have to evaluate and issue permits to any land under three-acres.

Commissioner Dickey said that many of the public comments stated that the agreement goes against the Watershed Management Plan. Ms. Dickey stated that, in fact, Tetra Tech said in November 2006 that the use of a diversion ditch was a reasonable approach that would fall within the Watershed Management Plan.

Commissioner Dickey added that the use of a diversion ditch virtually removes the Waterview Estates land from Critical Area A of the watershed.

Commissioner Dickey added that she believes Commissioner Rimmer made a good point regarding the use of septic tanks and the fact that the agreement does not specify what the developer intends to do as far as sewage disposal. She said that it is an area of the agreement that staff may want to improve.

Chair Robertson said that he would like to restate the confidence the Board has in CAW staff and their ability to implement all the elements of the plan.

Mr. Jim McKenzie, Executive Director of Metroplan, said that the idea of a diversion ditch was initially brought up for use on property in the watershed that is owned by another landowner. He said that it was determined that the only place in Zone A of the watershed that a diversion ditch would work is on the property owned by Waterview Estates, and that is due to the slope of the land.

Commissioner Kendall asked Mr. Bruce McMath, legal counsel for CAW, to address some of the concerns mentioned in the public comments.

Mr. McMath said that Mr. Ferguson needs a commitment to support the building of a diversion ditch from CAW in order to proceed with the cost of design. He added that the agreement does provide design parameters that must be followed in the construction of the ditch and that the ditch will, therefore, meet the requirements of the Watershed Management Plan and provide assurance that the ditch will provide pollution control from runoff.

Commissioner Rimmer said that he is very impressed with the customer response received and that he has read every response forwarded to him. He said that a lot of the comments have addressed the issue of tampering with the water quality. He added that CAW has been negotiating in good faith for a long period of time and he stressed that the Board would not approve this agreement if they believed it would jeopardize the water quality of Lake Maumelle.

Commissioner Kendall made a motion, seconded by Commissioner Dickey, for the removal of 179 acres from Critical Zone A, the construction of a diversion ditch, acceptance of 122 acres from Waterview Estates to be put into a protective easement, and the issuance of \$1 million to the developer.

Commissioner Rimmer asked if the vote is on the agreement as presented. Chair Robertson said the vote is on the agreement as presented, with the discussion of septic tanks/sewage system language considered to be part of the agreement.

On a vote of 6-1, the Board approved the agreement. Commissioner Powell voted against the motion.

The Board took a five-minute break.

Upon reconvening, Commissioner Dickey recused herself from discussing or voting on the following item:

APPROVAL OF CONTRACT

Mr. Rich told the Board that Welspun Pipe Industry had requested assistance in providing water service to the site of their future operation located at the Little Rock Port Authority. He said that CAW's long-range capital plans call for an extension of the existing 16-inch-diameter line from Frazier Pike south and west to provide service in areas where service is presently not available. He added that by extending the line south and west, it will provide future looping opportunities in the immediate area which is important because the industrial nature of the customers in the vicinity requires system redundancy and unique fire flow needs. Mr. Rich said that since this is a system improvement for CAW, the estimated cost share for Welspun, Inc., is \$144,354 and CAW's share at \$428,946, resulting in a total estimated project cost of \$573,300.

Upon a motion duly made by Commissioner Powell and seconded by Vice Chair Hartman, the project was approved.

DEPARTMENT UPDATES

Regionalism

Mr. Steve Morgan, Director of Regionalism & Future Water Source, said that on June 26 the U.S. Corps of Engineers' Little Rock District office (for Greers Ferry Lake) and the Vicksburg District office (for Lake Ouachita) approved Mid-Arkansas Water Alliance's request for discretionary storage from Greers Ferry Lake and Lake Ouachita. He added that the report that will be forwarded to the Dallas office for regional approval and will then be forwarded to the US Corps' national headquarters in Washington DC for final approval. He said this process should take about 60 to 90 days.

Finance

Mr. Gary Pittman, Chief Financial Officer, provided an update of CAW's financial status for the previous month.

Human Resources

Ms. Becky Wahlgreen, Director of Human Resources, updated the Board on utilization of the Employee Wellness Benefit program.

Ms. Wahlgreen reminded the Board that the intent of the program is to provide incentives and assistance for employees to maintain good health and lead healthier lifestyles, which benefits both the employee and the utility. She said that the program took effect January 1, 2007 and consists of reimbursement for the employee's out of pocket expenses for tobacco cessation programs/aids, weight loss program membership and exercise/fitness center membership. She said the Employee Wellness program has a maximum annual reimbursement of \$250 for all programs combined.

Ms. Wahlgreen said that in the first six months of the program, thirty employees received reimbursements for expenses under the weight loss or fitness center portion of the program. Additional information regarding utilization under the program was presented.

Commissioner Kendall thanked Ms. Wahlgreen for her update and said that the program participation should be looked at in another six months.

Adjournment

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

Francille Turbyfill, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

August 9, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, August 9, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

Present Via Telephone Conference Call:

Dr. Roby Robertson, Chair
Mr. Thomas W. Rimmer, Commissioner

CAW staff in attendance:

Mr. Graham W. Rich, P.E., Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Sources
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Martin Maner, P.E., Director of Watershed Management
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Ms. Ruth Bell, Representative of League of Women Voters of Pulaski County and Member of the Policy Advisory Council (PAC) for Lake Maumelle Comprehensive Watershed Management Study
Mr. Dee Brown, P.E., Brown Engineers, L.L.C.
Mr. Lee Bodenheimer, Property Owner in Lake Maumelle Watershed
Mr. Matthew Cate, Reporter for the *Arkansas Democrat-Gazette*
Mr. Gary Heathcott, President, Heathcott Associates
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate PAC Member
Mr. Norvell Plowman, Attorney for Mr. Bodenheimer
Mr. Kirby Rowland, P.E., Vice President, Manager – Water Group, Garver Engineers, L.L.C.
Ms. Kathy Wells, Alternate on Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study

Call to Order of August 9, 2007, Meeting

Mr. Jay Hartman, Vice Chair, called to order the August 9, 2007 meeting of the Board of Commissioners.

Approval of Board Minutes

Vice Chair Hartman called for a motion to approve the minutes from the July 12, 2007 meeting. Upon a motion duly made by Mr. Eddie Powell, Commissioner and seconded by Ms. Francille Turbyfill, Commissioner, the minutes were approved.

APPROVAL OF CONTRACT

Upon a motion duly made and seconded, the Board approved a contract with Henley Construction, Inc., for \$460,607 for the installation of approximately 5,100 linear feet of 16-inch-diameter ductile iron pipe between Stardust Trail and Leah Lane in the Mabelvale area. (The City of Bryant is contributing \$110,000 toward this project.)

DEPARTMENT UPDATES

Watershed

Mr. Martin Maner, Director of Watershed Management, outlined future priorities in implementing the Lake Maumelle Watershed Management Plan (WMP).

Mr. Maner said that he had met with Pulaski County Planning staff on July 10 regarding two particular issues in implementation of the WMP. He said one issue concerns placing the WMP recommendations into the county's Subdivision Rules rather than passing a separate county ordinance; and, placing the erosion/sediment control requirements under the Pulaski County NPDES MS 4 permit. He added that modifications to existing county ordinances or rules based on the WMP would pertain solely to property in the watershed. He told the Board that the county staff seemed receptive.

Mr. Maner reported that he has been working with Ms. Becky Wahlgreen, Director of Human Resources, on defining qualifications for the new position of watershed administrator. The creation of this position follows recommendations made in the WMP.

Mr. Maner said that Mr. Jay DeHaven, land owner in the Maumelle Watershed, has submitted new plans to develop that land. He said that the new plans, at first glance, appear to comply with the WMP.

Mr. Maner also said that he had met with Maumelle Watershed land owners located in Perry County. He said that some of the concerns voiced by land owners were: what direct effect will the WMP have on the land owners in Perry County; protecting their desire to pass their land on to other family members; and, how the creation of an RME (Responsible Management Entity) would affect their use of septic tanks. He said that he believes the meeting helped to alleviate some of the concerns of these landowners.

Mr. Maner said he plans to place brochures and signage in the watershed to educate boaters of the threat of nuisance aquatic species that could cause water quality problems if they are introduced into the lake via transfer of boats from other lakes.

Regionalism

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

- He is meeting with Arkansas Senators and Congressman while they are in the area during the August recess from Congress

- The City of Bryant is asking CAW to allow them to increase their daily take of water to approximately 6 MGD. He said they will need to take this amount until 2015 when they plan to receive their water from the Saline Watershed Alliance.

Finance

Mr. Gary Pittman, Chief Financial Officer, provided an update of CAW's financial status for the previous month.

Mr. Pittman also updated the Board on a new financial software package that is estimated will cost between \$500,000 and \$600,000. He said that the existing financial software, purchased in 1997, will no longer be supported by the vendor as of 2008.

Mr. Pittman said that he expects to have a recommendation for a new software package at the September Board Meeting.

Board Briefing

Mr. Graham Rich, Chief Executive Officer, updated the Board on the following items:

- Water sales were down in July due to rainy weather but, with the current dry spell, water sales are increasing.
- The highest water consumption this year of 100 MGD was reached on August 8 (The high consumption in 2006 was 120.2 MGD on July 20)
- A program to educate water consumers on how to water their lawns both efficiently and economically. (This program is planned for summer 2008.)
- The regular September Board Meeting has been changed to Friday, September 21.
- Recently spoke before the City of Little Rock Board of Directors and the North Little Rock City Council and received positive feedback from both. Mr. Rich said he has been asked to speak to various civic organizations and community groups in the near future.

Ms. Jane Dickey, Commissioner arrives at meeting.

- In reference to the lawsuit filed by the Citizens to Protect Maumelle Watershed, Mr. Rich said that Judge Proctor had not yet issued an opinion on their request to have the agreement between CAW and Waterview Estates reversed.

Adjournment

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

Francille Turbyfill, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

September 21, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Friday, September 21, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Dr. Roby Robertson, Chair
Mr. Jay Hartman, Vice Chair
Ms. Francille Turbyfill, Secretary/Treasurer
Ms. M. Jane Dickey, Commissioner
Mr. Anthony Kendall, Commissioner
Mr. Thomas W. Rimmer, Commissioner

Present Via Telephone Conference Call:

Mr. Eddie Powell, Commissioner

CAW staff in attendance:

Mr. Graham W. Rich, P.E., Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Sources
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Gary Hum, Director of Source & Treatment
Mr. Martin Maner, P.E., Director of Watershed Management
Ms. Becky Wahlgreen, Director of Human Resources
Ms. Connie Horn, Management Secretary

Also in attendance:

Ms. Kate Althoff, Coordinator with Citizens Protecting Maumelle Watershed
Mr. Lee Bodenheimer, Property Owner in Lake Maumelle Watershed
Mr. Matthew Cate, Reporter for the *Arkansas Democrat-Gazette*
Ms. Susan Crawford, CDM Engineers
Mr. Barry Haas, Citizens Protecting Maumelle Watershed
Ms. Jill Joslin, Vice President and Account Manager with Heathcott Associates
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate PAC Member
Mr. Norvell Plowman, Attorney for Mr. Bodenheimer
Mr. Kirby Rowland, P.E., Vice President, Manager – Water Group, Garver Engineers, L.L.C.

Introduction of Guests

Mr. Graham W. Rich, Chief Executive Officer, introduced guests.

Service Pin Award

Dr. Roby Robertson, Chair, presented Ms. Jane Dickey, Commissioner, with a 10-years service award pin. Chair Robertson thanked Commissioner for her years of dedication and service to

the utility.

Call to Order of August 9, 2007, Meeting

Chair Robertson called to order the September 21 2007 meeting of the Board of Commissioners.

Approval of Board Minutes

Chair Robertson called for a motion to approve the minutes from the August 9, 2007 meeting. Upon a motion duly made by Mr. Anthony Kendall, Commissioner and seconded by Ms. Francille Turbyfill, Commissioner, the minutes were approved.

APPROVAL OF CONTRACT

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

- i. A contract with Building & Utility Contractors, Inc. for \$176,085 to relocate water mains that conflict with the City of Sherwood's planned road and drainage improvements to Brockington Road between Maryland Avenue and Highway 107
- ii. The amendment of an engineering contract with Camp Dresser & McKee Inc. (CDM) to perform planning, design, and bid services not to exceed \$750,759. The contract is associated with a project to convert both the Wilson and Ozark Treatment Plants from chlorine gas to sodium hypochlorite disinfection.

Mr. Thomas W. Rimmer, Commissioner, asked if CAW has a neighborhood evacuation plan that could be used during the change-over procedure.

Mr. Gary Hum, Director of Source & Treatment, stated that in the event of a major chlorine leak that poses a risk of spreading to areas outside of the Jack H. Wilson Water Treatment Plant, a 911 call is placed and the local emergency agencies respond. He added that CAW staff assists the emergency in any manner needed.

Mr. Hum added that fire department officials have visited the facility within the past year to familiarize themselves with chemicals on-site and any potential situations that could occur.

Mr. Rich stated that CAW will notify the local emergency agencies of the change-over from chlorine gas to sodium hypochlorite once the project is completed.

DEPARTMENT UPDATES

Watershed

Mr. Martin Maner, Director of Watershed Management, updated the Board on watershed activities.

- Mr. Rich and Mr. Maner are scheduled to meet with the Arkansas Department of Environmental Quality (ADEQ) on October 16 to discuss prohibiting wastewater discharge within the Lake Maumelle Watershed.
- The Watershed Coordinator position is currently being advertised in several newspapers

and publications.

- On August 28, consultants with Tetra Tech, Inc., visited with Mr. Rich and Mr. Maner to review the Watershed Implementation Strategy.
- Mr. Maner attended a seminar on a Nine-Point Source Program conducted by the Arkansas Natural Resources Commission.
- On XXXX flew over the Lake Winona and Lake Maumelle Watersheds to get an aerial view of the condition of the watersheds.
- Received a draft of the sediment erosion control plan for Waterview Estates. After reviewing, informed representatives for Waterview Estates that there are some minor revisions needed. They have begun installing sediment erosion equipment and this appears to be following the plan they presented to CAW.
- The Pulaski County Planning Commission approved the plan for the three phases of Canterbury Downs development, as provided by developer Jay DeHaven. Mr. Maner stressed that the plan is not in compliance with the Lake Maumelle Watershed Management Plan. He said that CAW plans to appeal the planning boards decision and CAW counsel is considering pursuing a public nuisance lawsuit. He said that the development plan specifies the use of septic tanks and permits horses on property that lies within a 100-year flood plain.
- U.S. Geographical Survey has installed a “real-time” water monitoring gauge has been installed below on the Big Maumelle River near the Canterbury Downs development. This “real-time” monitoring gauge will allow CAW to monitor the turbidity of the water as a result of construction
- Pulaski County Planning is in the process of revising their subdivision rules and regulations. Mr. Maner is working with them to incorporate the Watershed Management Plan into their rules and regulations. They are currently reviewing our suggestion.

Mr. Rich said that Mr. DeHaven had sent a letter offering to sell CAW the land under consideration for development for \$15 million. Mr. Rich said that staff is evaluating the offer by Mr. DeHaven.

Chair Robertson thanked Mr. Maner for his report.

Regionalism

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

- The Mid-Arkansas Water Alliance’s request for discretionary storage from Greers Ferry Lake and Lake Ouachita was approved by the U.S. Corps of Engineers’ Little Rock District office in June and forwarded for approval to the regional office in Dallas. He added that once the request receives regional approval, it will be forwarded to the US Corps’ national headquarters in Washington DC for final approval.
- Met with Arkansas Senators and Congressman while they were in the area during the August recess from Congress

- Community Water System has asked CAW to participate in a discussion on future water and future water sources.
- Discussions are continuing with the City of Bryant regarding their request that to increase their daily take of water from CAW to approximately 6 MGD until 2015 when they plan to receive their water from the Saline Watershed Alliance.
- We are negotiating with Grand Prairie Regional Water Distribution District (Grand Prairie) on a land swap in order to provide water service to an area annexed by the City of North Little Rock but located in the Grand Prairie service area. We expect to have a final draft agreement ready for Board review at the October Board Meeting.
- There are two 75-acre tracts of land located in the Lake Maumelle Watershed that we are having appraised in consideration to purchase. We will bring this information to the Board as soon as it is available.

Chair Robertson thanked Mr. Morgan for his update on regionalism issues.

Finance

Mr. Gary Pittman, Chief Financial Officer, said that the draft of the complete 2008 Financial Plan will be ready to present to the Board at the October Board Meeting for review with staff seeking approval of the plan at the November meeting.

Chair Robertson said that Commissioner Kendall has volunteered to sit in on budget meetings in preparation of the 2008 Financial Plan.

Commissioner Rimmer questioned why the figures for unaccounted-for water had improved.

Mr. Pittman explained that the Distribution Department has spent a great deal of time on leak detection.

Mr. Luther mentioned that CAW has begun metering water allowed to run for days in order to flush out new water lines.

Chair Robertson thanked Mr. Pittman for his report.

Commissioner Dickey asked what method CAW uses to select property appraisers.

In response to Commissioner Dickey's question, Mr. Jim Ferguson, Director of Engineering, said that annual Requests for Qualifications (RFQs) are mailed to various professional appraisers.

Board Briefing

Mr. Graham Rich, Chief Executive Officer, updated the Board on the following items:

- In order to have an accurate understanding of long-range planning needs, staff will present at the October Board Meeting an RFQ for professional services to update CAW's Master Plan. This updated Master Plan will provide information needed for compliance with rules and regulations regarding disinfection and disinfection by-products.

Mr. Rich added that this updated Master Plan will serve as a road map for the next 10-15

years and will assist in capital planning revenue requirements.

- A letter of notification was received from the Arkansas Department of Health and Human Services indicating that the Public Water Systems fees will increase in October 2006

Adjournment

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

Francille Turbyfill, Secretary/Treasurer

RESOLUTION 2007-12

A RESOLUTION AUTHORIZING CENTRAL ARKANSAS WATER TO ACQUIRE WATER SERVICE TERRITORY FROM GRAND PRAIRIE REGIONAL WATER DISTRIBUTION DISTRICT PURSUANT TO A TRANSFER OF WATER SERVICE TERRITORY AGREEMENT, AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, Grand Prairie Regional Water Distribution District (the "District") has the right to provide water service to customers within certain areas East of North Little Rock, Arkansas (the "Service Territory"), but the District is currently unable to provide water service to that area without significant infrastructure improvements; and

WHEREAS, Central Arkansas Water ("CAW") desires to provide water service to customers within the Service Territory and can do so without significant infrastructure improvements; and

WHEREAS, the District desires to transfer the Service Territory to CAW (the "Transfer") pursuant to the terms and conditions of a Transfer of Water Service Territory Agreement (the "Agreement") presented at this meeting;

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

Section 1. The Transfer of the Service Territory from the District to CAW in accordance with the terms and conditions of the Agreement, in the form presented at this meeting, with such changes, omissions, insertions, and revisions as the Chief Executive Officer shall deem advisable, is in the best interest of CAW and it is hereby authorized and approved.

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

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

[SIGNATURE PAGE FOLLOWS]

The foregoing resolution has been duly adopted by the Board of Commissioners, Central Arkansas Water at a meeting of the Board of Commissioners, Central Arkansas Water held on October 10, 2007.

Attest:

APPROVED:

Jay Hartman, Vice Chair

Dr. Roby Robertson, Chair

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

October 11, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, October 11, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

Absent:

Ms. Francille Turbyfill, Secretary/Treasurer

CAW staff in attendance:

Mr. Graham W. Rich, P.E., Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Martin Maner, P.E., Director of Watershed Management
Mr. Allen Vincent, Director of Information Services
Ms. Becky Wahlgreen, Director of Human Resources
Ms. Deena Coston, Controller
Mr. Jeff Mascagni, Controller
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Mr. Lee Bodenheimer, Property Owner in Lake Maumelle Watershed
Mr. Jack Brashears, P.E., Garver Engineers, L.L.C.
Mr. Matthew Cate, Reporter for the *Arkansas Democrat-Gazette*
Mr. Barry Haas, Citizens Protecting Maumelle Watershed
Mr. Gary Heathcott, President, Heathcott Associates
Ms. Jill Joslin, Vice President and Account Manager with Heathcott Associates
Mr. Mike Marlar, P.E. President, Marlar Engineers
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate PAC Member
Mr. Norvell Plowman, Attorney for Mr. Bodenheimer

Introduction of Guests

Mr. Graham W. Rich, Chief Executive Officer, introduced guests.

Call to Order of October 11, 2007, Meeting

Chair Robertson called to order the October 11, 2007 meeting of the Board of Commissioners.

Employee Recognition

Mr. Graham W. Rich, Chief Executive Officer, said that Ms. Marie Crawford, Director of Communications, was presented the Glen T. Kellogg Award at the American Water Works - Southwest Section's Annual Conference in Springdale, Arkansas.

He added that the award recognizes individuals who have shown outstanding leadership in the industry and that Ms. Crawford is very deserving of the award.

Mr. Rich noted that Jeff Ferguson, son of Jim Ferguson, Director of Engineering, was awarded a scholarship from the Southwest Section of the AWWA in the amount of \$1,000. Mr. Ferguson's son is currently attending the University of Arkansas at Little Rock.

Mr. Rich also noted that Mr. Gary Hum, Director of Source & Treatment, completed his year as Chair of the AWWA-Southwest Section.

Chair Robertson said that it is wonderful that CAW employees are being recognized by their industry peers.

Approval of Board Minutes

Chair Robertson called for a motion to approve the minutes from the September 21, 2007 meeting. Upon a motion duly made by Mr. Eddie Powell, Commissioner and seconded by Mr. Thomas W. Rimmer, Commissioner, the minutes were approved.

NEW BUSINESS

Utility Master Plan

Mr. Rich discussed a proposed Master Plan for CAW. He said that the Master Plan will assess and make recommendations as to CAW's future water source and develop 10-year capital improvement plans for the utility's existing treatment and distribution network.

Mr. Rich said that a Master Plan was completed in 2001 and updated in 2003. He also said that these versions of the Master Plan focused on the distribution system within existing service areas. He added that the 2001 and 2003 Master Plans did not address treatability of water or long-range water sources.

Mr. Rich said that staff is asking only for authorization to advertise and procure professional engineering services. He added that upon approval, staff will advertise "Requests for Proposal", evaluate and interview firms. He said that staff will have a recommendation for engineering services for the Board once the interviews have been completed. He said that he does not expect work to begin until early 2008 and the project would take about one-year to complete.

In response to a question by Mr. Anthony Kendall, Commissioner, Mr. Rich said that the estimated cost of the Master Plan is a maximum of \$1.2 million.

the Board approved the motion.

Participation in Construction of Elevated Storage at Mills Mountain

Mr. Thad Luther, Chief Operating Officer, told the Board of a proposal to participate with Water Improvement District 344 (WID 344) in the purchase of land for the construction of the Mills Mountain elevated storage tank and the future construction of a planned 2 MG ground storage tank in an amount not to exceed \$90,500.

Mr. Luther explained that the owner of the land in question will only sell the lot along with two adjacent lots. He said that WID 344 will purchase the three lots and then turn over to CAW the lot intended for the storage tank.

Mr. Luther said that WID 344 is funding 100% of the cost of the new elevated tank slated for construction in 2008.

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

Health Insurance

Ms. Becky Wahlgreen, Director of Human Resources, spoke on the renewal of CAW employee health coverage with Health Advantage. The 2008 quote to continue our current health coverage as-is, called for a 10% increase. Staff has worked with Health Advantage through plan adjustments to lower the increase to 6%.

Upon a motion duly made by Mr. Jay Hartman, Commissioner, and seconded by Commissioner Powell, the Board approved the motion. Mr. Tony Kendall, Commissioner, recused himself from voting.

Fox Property Settlement

Mr. Tad Bohannon, legal counsel for CAW, said that the owner of property that is partially located in the Maumelle Watershed built a structure on the property line separating property owned by him and CAW, resulting in part of his structure being on CAW property.

Mr. Bohannon said that he has been working with the owner of the property to reach a settlement agreeable to both parties. He said that CAW and the property owner propose to trade equal acreage (1/3-acre) and a \$5,000 cash payment to CAW and requests approval from the Board to proceed with the settlement.

Upon a motion duly made Commissioner Powell and seconded by Vice Chair Hartman, the Board authorized Mr. Rich to proceed with a settlement agreement.

2008 Draft Financial Plan

Mr. Gary Pittman, Chief Financial Officer, distributed draft copies of the 2008 Financial Plan. He said that the draft is for Board review and that staff will ask for approval of the 2008 Financial Plan at the November Board Meeting.

Mr. Pittman noted that Commissioner Kendall had met with staff to review the Financial Plan

prior to the completion of the draft.

Chair Robertson urged the Commissioners to carefully review the Financial Plan and be prepared to discuss it at the November Board Meeting.

Chair Robertson thanked Mr. Pittman and his staff for their efforts in preparing the Financial Plan.

Commissioner Dickey said that the narrative provided in the draft Financial Plan will be very helpful in reviewing the plan.

Agreement with Grand Prairie Regional Water Distribution District

Mr. Luther reported on a proposed agreement with the Grand Prairie Regional Water Distribution District (GPRWDD).

Mr. Luther reminded the Board that CAW has been working with GPRWDD for some time to resolve the issue of the City of North Little Rock annexing property located within the water service area of GPRWDD and the requirement by the merger legislation for CAW to provide service to areas within the city limits.

Mr. Luther said that, per the agreement, CAW will collect capital recovery fees from new services and transfer those fees to GPRWDD. He said that the agreement would have no financial impact to CAW.

Upon a motion duly made Commissioner Dickey and seconded by Commissioner Rimmer, the Board authorized Mr. Rich to proceed with a settlement agreement.

APPROVAL OF CONTRACT

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

- a. A contract with Cogsdale Corporation for \$476,338 for the purchase and installation of new financial management software
- b. A contract with J. R. Fox Company in the amount of \$645,508.90 for the replacement of approximately 730 linear feet of 24-inch diameter; 3,140 linear feet of 16-inch diameter; and 330 linear feet of 12-inch diameter ductile iron pipe on State Highway 107 from Bear Paw Road to Brockington Drive, Sherwood, Arkansas.
- c. A contract with Utility Services Company in the amount of \$257,000 to clean and paint Tank #18 off Chenal Parkway, and three water tanks at the Jack H. Wilson and Ozark Point Water Treatment Plants.

DEPARTMENT UPDATES

Watershed

Mr. Martin Maner, Director of Watershed Management, updated the Board on watershed activities.

- Expansion of water quality monitoring and evaluation within the Lake Maumelle

Watershed by U.S. Geological Survey

- Continue work with Human Resources on filling the position of Watershed Administrator
- Cooperative effort with Pulaski County to develop an erosion and sedimentation control policy for construction activities within the Lake Maumelle Watershed
- Continued work with Pulaski County on including a Watershed Protection Ordinance in the county's subdivision rules and regulations

Chair Robertson thanked Mr. Maner for his report.

Finance

Mr. Gary Pittman, Chief Financial Officer, provided summarized Financial Report on utility operations for the nine months ended September 30, 2007.

Chair Robertson thanked Mr. Pittman for his report.

Adjournment

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

Jay Hartman, Vice Chair

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

November 8, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, November 8, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Graham W. Rich, P.E., Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Ms. Becky Wahlgreen, Director of Human Resources
Mr. Dennis Yarbrow, Supervisor of Water Sources
Ms. Deena Coston, C.P.A., Controller
Ms. Connie Horn, Management Secretary
Ms. Sharon Sweeney, Laboratory Technician
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Mr. Lee Bodenheimer, Property Owner in Lake Maumelle Watershed
Mr. Dee Brown, P.E., Principal of Brown Engineers
Mr. Matthew Cate, Reporter for the *Arkansas Democrat-Gazette*
Mr. Tim Daters, P.E., of White-Daters, Inc.
Mr. Gary Heathcott, President, Heathcott Associates
Mr. Vince Hothos, P.E., Project Engineer with Garver Engineers
Mr. Mike Marlars, P.E. President, Marlars Engineers
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate PAC Member
Mr. Norvell Plowman, Attorney for Mr. Bodenheimer

Introduction of Guests

Mr. Graham W. Rich, Chief Executive Officer, introduced guests.

Call to Order of November 8, 2007, Meeting

Chair Robertson called to order the November 8, 2007 meeting of the Board of Commissioners.

Approval of Board Minutes

Chair Robertson called for a motion to approve the minutes from the October 11, 2007 meeting. Upon a motion duly made by Mr. Eddie Powell, Commissioner and seconded by Mr. Jay Hartman, Vice Chair, the minutes were approved.

NEW BUSINESS

2008 Financial Plan

Mr. Gary Pittman, Chief Financial Officer, reviewed the proposed 2008 Financial Plan that was presented to the Board at the October Board Meeting.

Upon a motion duly made by Commissioner Powell and seconded by Ms. Jane Dickey, Commissioner, the financial plan was approved including a three percent pay plan adjustment.

Recognition of Jack H. Wilson

Mr. Rich mentioned the passing of former Little Rock Municipal Water Works Manager (LRMWW), Mr. Jack H. Wilson.

Mr. Rich read a draft resolution honoring Mr. Wilson and his many accomplishments within the water industry during his time with LRMWW.

Mr. Rich said that the resolution would be presented to Mr. Wilson's family.

Upon a motion made by Commissioner Dickey and seconded by Commissioner Powell, the resolution was approved.

Transfer of Property Between CAW and Deltic Timber Corporation

Mr. Thad Luther, Chief Operating Officer, reported on the proposed sale of an existing right-of-way owned by CAW to Deltic Timber. The right-of-way contains the 39-inch-diameter raw water line that brings water from Lake Winona to the Jack H. Wilson Water Treatment Plant. It is proposed that CAW will sell the property to Deltic Timber and retain an exclusive easement which will allow access to the waterline for repairs and maintenance.

Upon a motion duly made by Commissioner Hartman and seconded by Commissioner Powell, the sale of property to Deltic Timber was approved.

DEPARTMENT PRESENTATIONS

Source & Treatment

- **Taste and Odor Complaints**

Ms. Sharon Sweeney, Laboratory Technician, reported to the board on the high level of complaints in October from water customers on taste and odor concerns. Ms. Sweeney stressed that although the taste and odor problems related to water received from Lake Maumelle was likely the result of weather conditions and the shallowness of Lake Maumelle, the water was safe for consumption.

Chair Robertson thanked Ms. Sweeney for her informative report.

Additional Raw Water Pump

- Mr. Dennis Yarbro, Supervisor of Water Sources, reported on the proposed addition of a second high capacity raw water pump at Lake Maumelle. He said that the additional pump is needed in order to ensure the continued pumping of water during times of peak demand.

Watershed

In the absence of Mr. Martin Maner, Director of Watershed Management, Mr. Rich updated the Board on watershed activities:

- Garver Engineers, on behalf of CAW, has been closely monitoring the construction of the diversion ditch in Waterview Estates and is satisfied that the contractor is doing a good job. He said that the contractor has sunk the silt fence into the ground and reinforced it with wire for support.
- In response to a question by Commissioner Dickey, Mr. Jim Ferguson, Director of Engineering, said that CAW has not yet received a construction schedule for the diversion ditch from the contractor. He said that each cross drain contained in the diversion ditch must be approved before they can be installed and, to date only Phase 1 has been approved.

Chair Robertson urged staff to be vigilant on the monitoring of the silt fence throughout construction of the development in order to ensure that it is working properly.

Mr. Ferguson said that the contractor appears to be taking extra measures in order to maintain the quality of the diversion ditch and silt fence.

- Monitoring stations on the Big Maumelle River are providing CAW real-time data that will be used to determine the impact that run-off water has on the water quality of the river.

Legal Issues

Mr. Tad Bohannon, attorney for CAW, updated the Board on current legal issues:

- There are currently three issues involving the watershed pending in the courts:
 1. Citizens Protecting Maumelle Watershed's motion to intervene on the agreement between CAW and Waterview Estates.
 2. CAW's appeal of the Pulaski County Planning Commission's approval of development plans for Canterbury Estates
 3. Canterbury Estates has filed in Pulaski County Court a Motion to Dismiss the appeal filed by CAW with the Pulaski County Planning Commission

Finance

Mr. Gary Pittman, Chief Financial Officer, provided a summarized Financial Report on utility operations for the ten months ended October 31, 2007.

Chair Robertson thanked Mr. Pittman for his report.

BOARD BRIEFING

Mr. Rich congratulated Commissioner Dickey for having been recognized by Best Lawyers as one of the best lawyers in the U.S. in the field of municipal law and public finance. He said that Best Lawyers is considered to be one of the most respected peer-review publications in the legal profession.

ADJOURNMENT

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

Francille Turbyfill, Treasurer/Secretary

RESOLUTION – 2007-13

WHEREAS, Mr. Jack H. Wilson, P.E. (retired), served Little Rock Municipal Water Works and the utility’s customers for 42 years from 1941 until his retirement in 1983; and

WHEREAS, he served as Manager-Engineer for 21 years from 1962 to 1983 and was instrumental in the planning and construction of Lake Maumelle and the Pleasant Valley Water Treatment Plant; and

WHEREAS, in 1989, the utility re-dedicated the Pleasant Valley plant as the Jack H. Wilson Water Treatment Plant in his honor; and

WHEREAS, Mr. Wilson’s dedication to excellence and integrity remains a hallmark for the operations of Central Arkansas Water, the successor to Little Rock Municipal Water Works and the North Little Rock Water Department; and

WHEREAS, Mr. Wilson passed away at the age of 89 on October 22, 2007, and his loss is deeply felt throughout our metropolitan community and throughout the drinking water industry.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners, Central Arkansas Water, hereby, does express heartfelt sympathy to Mrs. Mary Wilson and the Wilson Family and honors Mr. Jack H. Wilson, P.E., for his lifelong dedication to the drinking water utility and its customers.

FURTHER, IT IS DIRECTED THAT a copy of this resolution be included in the official Minutes of the Board of Commissioners and a copy be presented to the Wilson Family.

* * * * *

CERTIFICATE

We, Roby Robertson, Ph.D., Jay Hartman, Francille Turbyill, M. Jane Dickey, Eddie Powell, Thomas Rimmer, and Anthony Kendall, as members of the Board of Commissioners, Central Arkansas Water, hereby, do certify that the above and foregoing is a correct copy of the resolution adopted by us on this 8th day of November 2007.

* * * * *

Chair

Vice Chair

Secretary

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

December 13, 2007

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, December 13, 2007, in the Third Floor Board Room of the James T. Harvey Administration Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Graham W. Rich, P.E., Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary P. Pittman, Chief Financial Officer
Mr. Stan Benton, Director of Distribution
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Mr. Lee Bodenheimer, Property Owner in Lake Maumelle Watershed
Mr. Dee Brown, P.E., Principal of Brown Engineers
Ms. Kristen Netterstrom, Reporter for the *Arkansas Democrat-Gazette*
Mr. Tim Daters, P.E., Principal of White-Daters Associates
Mr. Reed Green, Ph.D., Hydrologist with the U.S. Geological Survey
Mr. Gary Heathcott, President, Heathcott Associates
Ms. Stephanie Hymel, Audubon Society
Mr. Mike Marlar, P.E., President, Marlar Engineers
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County and Alternate Member of Policy Advisory Council for Lake Maumelle Comprehensive Watershed Management Study
Mr. Forrest Payne, Ph.D, Instructor, Department of Biology, University of Arkansas at Little Rock
Mr. Norvell Plowman, Attorney for Mr. Bodenheimer
Mr. John D. Todd, P.E., Senior Vice President, Jordan Jones & Goulding, Inc.

Introduction of Guests

Mr. Graham W. Rich, Chief Executive Officer, introduced guests.

Call to Order of December 13, 2007, Meeting

Chair Robertson called to order the December 13, 2007 meeting of the Board of Commissioners.

Approval of Board Minutes

Chair Robertson called for a motion to approve the minutes from the November 8, 2007 meeting. Upon a motion duly made by Mr. Eddie Powell, Commissioner and seconded by Mr. Thomas W. Rimmer, Commissioner, the minutes were approved.

NEW BUSINESS

Request from City of Little Rock for Monetary Contribution

Ms. Jane Dickey, Commissioner, recused herself from discussion on this item and left the Board Room.

Mr. Rich introduced Mr. Bryan Day, Assistant City Manager. Mr. Day distributed a packet of information on a project for affordable and market value housing. He said that he is appearing on behalf of Little Rock Mayor Mark Stodola and Mr. Bruce Moore, City Manager. Mr. Day said that they are asking CAW to contribute \$200,000 toward a \$16 million affordable housing project located on South Main Street in Little Rock. He added that he has made similar requests from the other utilities.

Mr. Day introduced Ms. Shelley Ehenger, with the LR Housing Authority. Ms. Ehenger said that all the various utilities located in the area are 50 years old and need to be replaced. She added that the housing authority will have a 40-year contract on the project that will ensure mixed housing for that period of time.

In response to a comment by Mr. Day that CAW had previously participated in such projects, Commissioner Rimmer asked in what form the participation had occurred. Ms. Ehenger said that prior to the merger Little Rock Municipal Water Works had participated in various projects through the utility's installation of waterlines or by the waiving of utility fees.

Mr. Rich said that, in the past, CAW has participated in projects of similar costs. Mr. Rich referred to sections in the Consolidation Agreement that allow such participation and said that staff recommends approval of the request.

Ms. Ehenger noted that construction of the public improvements phase of the project will begin in January and residents will be in place by December 2008, as per federal regulations.

In response to financing concerns voiced by several Commissioners regarding the project, Mr. Rich stated that a Memorandum of Understanding (MOU) could be written stating that if the project is not completed CAW's total financial contribution would be returned by the City of Little Rock.

Upon a motion duly made by Mr. Jay Hartman, Vice Chair, and seconded by Ms. Francille Turbyfill, Commissioner, the Board approved the request contingent upon an MOU with the City of Little Rock.

Commissioner Dickey returned to the meeting.

Commissioner Rimmer stated he believes there is a need for an official policy on requests for contributions towards non-profit projects. He added that though this is covered in the Consolidation Agreement, the intent needs to be more defined.

Mr. Tony Kendall, Commissioner, agreed that a formal policy is needed to guide the Board in requests for donations/contributions.

Chair Robertson said he believes this would also be a good opportunity to review existing CAW policies.

Memorandum of Understanding with UALR

Chair Robertson recused himself on this item and left the room.

Vice Chair Hartman presided over the meeting.

Mr. Maner introduced Dr. Reed Green, hydrologist with the U.S. Geological Survey, and Dr. Forrest Payne, Instructor at UALR.

Mr. Maner said that CAW has been working with the University of Arkansas at Little Rock (UALR) and the U.S. Geological Survey for about three years to create a Central Arkansas Center of Watershed Excellence. The purpose of the Center is to provide a mechanism through which research and educational programs are conducted to promote public awareness of watershed-related impact on central Arkansas aquatic ecosystems and specifically on Lake Maumelle and Lake Winona aquatic ecosystems.

Mr. Maner said that the Center of Excellence will contain four programs:

1. **Limnology Program** - a science-based monitoring, research, and information gathering program that will provide long-term observations of water quality and management strategies for lake, reservoir, and stream protection in central Arkansas;
2. **Water Science and Engineering Program** - a research program that encompasses the scientific investigation of water quality/quantity issues as they relate to source security of water supplies, and the engineering processes that can be developed to enhance security;
3. **Watershed Stewardship Program** - a community-based program designed primarily to educate the public about conservation, preservation, and stewardship issues of particular water bodies and ecosystems within the central Arkansas region;
4. **The Research and Educational Outreach Program** - a program that will develop research and outreach opportunities for undergraduate and graduate students in water quality and watershed sciences and will communicate stewardship goals and research results to the community, by working through local teachers and citizens on science education workshops and citizen-based watershed projects

He said that CAW will benefit from the Central Arkansas Watershed Center of Excellence by having access to a wealth of information regarding the health and welfare of the lakes and the adjacent watersheds.

Mr. Maner noted that at this time, the program involves no financial commitment from CAW.

Commissioner Kendall asked what other entities would benefit from this program.

Mr. Maner said that this program would benefit state agencies such as, the Arkansas Department of Environmental Quality, the Arkansas Natural Resources Commission, and local educational institutions.

Ms. Jane Dickey, Commissioner, encouraged the Center to develop an annual report of activities and goals for the benefit of supporting agencies and the public at large.

Upon a motion duly made by Commissioner Dickey, and seconded by Mr. Powell, Commissioner, the MOU was approved.

Chair Robertson returned to the room.

Approval of Land Purchase

Mr. Maner said that CAW has negotiated a price of \$552,500 for a 75.23-acre tract of land owned by Mr. & Mrs. Jim Kendrick and located in the Maumelle Watershed. Mr. Maner said that CAW had attempted to purchase the property in 2005, but the property owners rejected the offer.

Mr. Maner said that this is an important piece of property because Bringle Creek, which flows through the property, is the second largest contributor of water outside the Big Maumelle River to Lake Maumelle. He added that this property is very attractive to developers because of the terrain and the presence of utilities.

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Powell, the land purchase was approved.

CONTRACTS

Upon a motion duly made by Commissioner Rimmer and seconded by Commissioner Powell, the following contracts were approved:

- a. A contract with Building & Utility Contractors for \$149,720 for the installation of approximately 1,825 linear feet of 12-inch-diameter ductile iron pipe along a planned right-of-way on Kanis Road from Bowman Road to Centerview Drive. This project is part of the CAW Master Plan.
- b. Annual chemical contracts to the following companies:

Carus Phosphates, Inc.	Bimetallic Glassy Phosphate	\$226,050.00
Arkansas Lime Company	Hydrated Lime	\$23,062.50
Solvay Fluorides, LLC	Hydrofluosilic Acid	\$191,000.00
General Chemical Perf. Prod.	Liquid Aluminum Sulfate	\$414,750.00
Brenntag Mid-South	Liquid Chlorine	\$186,300.00
Harcros Chemical	Potassium Permanganate	\$88,000.00
Arkansas Lime Company	Quicklime	\$81,600.00
Harcros Chemical	Sodium Silicofluoride	\$29,312.00
- c. A contract with Little Rock Wastewater with an estimated cost of \$375,000 for 2008 fleet maintenance services for all CAW vehicles and equipment.

- d. A supplement to the current contract with Arkansas Utility Protection Services, Inc., (ArkUps) for \$400,964 for the marking of various utilities in preparation for pavement cuts and excavations required to repair utility services and mains.
- e. Renewal of an annual contract with Advent Systems, Inc., for \$62,233 for continuing software support and maintenance of CAW's security system.

DEPARTMENT UPDATES:

Regionalism

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

- A problem has come up with MAWA's request for discretionary storage water in Greers Ferry Lake and Lake Ouachita. Seepage has been observed around the edges of Blakely Mountain Dam at Lake Ouachita. The seepage is large enough to carry soil downstream, so the Corps is not approving any request at this time that could impose more pressure on the dam. MAWA's request for discretionary storage will add .8 feet to the water level in the lake. The construction and monitoring required to determine the extent of the problem will cause a delay in granting water use requests for approximately 18 to 24 months. MAWA has requested that the Corps grant conditional approval so that the request could move forward to the Corps' Washington D.C. office. This conditional approval would prohibit MAWA from drawing water out of the lake until the leakage problem is resolved. As yet, we have not had a response to this request from Corps personnel.
- Sardis Water Authority voted to withdraw from the Saline Watershed Alliance (SWA). Sardis stated that if they remained in SWA, the water rates to their customers would double in order to pay for infrastructure for additional water that they won't need for another 20 to 25 years.
- Officials from the City of Bryant requested to meet with CAW to discuss increasing the volume of water to Bryant until 2015, when the Saline Watershed Alliance expects to introduce supplemental water from Lake Ouachita. A hydraulic analysis performed by Blake Weindorf, a CAW senior engineer, determined that Bryant would have to make \$9 million to \$10 million in CAW system upgrades to provide Bryant additional water. Also, Bryant would need to spend an additional \$7 million to \$8 million on their own water system to utilize additional flows from CAW. Bryant officials are taking these findings under advisement and will have their consultant engineer give them a recommendation.
- The Paron-Owensville Public Water Authority, Board of Commissioners, has approved a letter requesting CAW provide raw water off its 39" raw water pipeline from Lake Winona. CAW staff and legal counsel are studying legal language that would not set a precedent for similar requests off the raw water infrastructure.

Commissioner Dickey said that she has concerns about CAW selling water to a utility which would allow them to operate independently of neighboring communities. She said that the goal of working with other communities and creating alliances was for the communities to share in a future water source and to share the costs of creating that future water source.

Commissioner Dickey added that she would like the Board to reconsider approving any contract with outside water providers that does not have language requiring that entity to participate with

other water utilities in the pursuit and costs of future water sources.

Commissioner Dickey acknowledged that water entities have the right to act in their own best interest, but added that CAW also must act in its best interest and the interest of its ratepayers. She said that it is not in CAW's best interest to enter into a contract that does not give CAW the option to terminate the contract if the consumer utility does not participate in a future water source alliance.

Watershed

Mr. Maner updated the Board on the following watershed activities:

- Proposed changes in the Pulaski County Planning Commission's subdivision rules and regulations. He sent his suggestions to the Planning Board in August and they are currently looking them over. Subdivision rules and regulations changes will probably go out for public comment in early 2008.

At their November 27th meeting, the Pulaski County Planning Board voted to refer a draft moratorium prohibiting development in the watershed to the Quorum Court for consideration of adoption at its December 18 meeting. The proposed moratorium was prepared by the County Attorney at the request of the Pulaski County Planning Board at their October meeting and would continue for up to six months, or until the subdivision rules are in place.

- A third party rule-making request to the Arkansas Pollution Control and Ecology. CAW legal counsel will be requesting to modify the Commission's Regulation No. 6 in order to prohibit surface discharges in the Lake Maumelle Watershed. We expect to take this to the Arkansas Pollution Control and Ecology Commission in February of 2008. Representatives for Deltic and Waterview Estates, the two largest landowners in the Pulaski County portion of the watershed, have indicated they are in agreement with this concept.
- At the November 27th Pulaski Planning Board meeting, Canterbury Estates had three platted items for consideration: 1) Final plat approval for "Phase II" - the Board denied approval. 2) Preliminary and final plats and Bills of Assurance (BOA) for "Phase IV" - the Board approved the preliminary plat and BOA but denied approval for the final plat and BOA. 3) Preliminary and final plats and Bills of Assurance for "Phase V" - the Board approved the preliminary plat and BOA but denied approval for the final plat and BOA
- The Stephens family has notified CAW that they will install a family cemetery on a portion of their property that is located in the watershed. This is a courtesy notification and does not require action by the Board.
- The conservation ditch in Waterview Estates is under construction per the agreement between CAW and Waterview Estates. After recent heavy rains, inspection indicates that the ditch is moving the water into the discharge pipes and directing it away from the lake.
- Deltic Timber indicated that they are in support of the moratorium on building in the watershed.

Finance

Mr. Gary Pittman, Chief Financial Officer, provided a summarized Financial Report on utility operations for the eleven months ended November 30, 2007.

Chair Robertson thanked Mr. Pittman for his report.

BOARD BRIEFING

Mr. Graham Rich, Chief Executive Officer, updated the Board on the following items:

- CAW hosted a luncheon for community groups and legislators on Tuesday, December 11 and Wednesday, December 12. The luncheon was to update the respective groups on the progress of the implementation of the Lake Maumelle Watershed Management Plan and to update them on the important next-steps that need to be accomplished in 2008 and beyond.
- Possibility of holding a strategic planning meeting in early 2008

ADJOURNMENT

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

Francille Turbyfill, Treasurer/Secretary