

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

January 11, 2018

The Board of Commissioners of Central Arkansas Water (CAW) convened in a regular meeting at 2:00 p.m. on Thursday, January 11, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue Little Rock, Arkansas.

Present:

Mr. Jay Hartman, Chair
Ms. Carmen Smith, Vice Chair
Ms. Kandi Hughes, Acting Secretary/Treasurer
Mr. Eddie Powell, Commissioner
Dr. Roby Robertson, Commissioner
Mr. Anthony Kendall, Commissioner

CAW Staff in Attendance:

Mr. Tad Bohannon, Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. David Johnson, General Counsel
Ms. Becky Linker, Chief Administrative Officer
Mr. Jeff Mascagni, Chief Financial Officer
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Sam Zehtaban, Director of Water Production
Mr. Terry Bice, Director of Distribution
Mr. Blake Weindorf, P.E., Assistant Director of Distribution
Mr. Douglas Shackelford, Director of Public Affairs & Communications
Ms. Samantha Williams-Davis, Communications Specialist and Brand Manager
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Mr. Jordan Johnson, JPJ Consulting, LLC
Ms. Chelsea Boozer, Reporter, Arkansas Democrat-Gazette
Ms. Ruth Bell, League of Women Voters of Pulaski County
Mr. Stuart Mackey, Citizen
Mr. Jim Lindsey, Citizen

CALL MEETING TO ORDER

Chair Hartman called the meeting to order at 2:00 p.m.

APPROVAL OF BOARD MINUTES

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Hughes, the minutes of the December 14, 2017, Regular Meeting were unanimously approved.

NEW BUSINESS

Resolution Approving the Facility Plan for Ozark Point Water Treatment Plant Improvements and Re-declaring CAW's Intent to Reimburse Associated Capital Expenditures from Bond Proceeds

Mr. Luther made a presentation summarizing the final recommendations contained in the Ozark Point Facility Plan. The Facility Plan details the scope and estimated cost of recommended improvements to renovate the Ozark Point Water Treatment Plant.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Hughes, after due consideration and discussion, the Resolution approving the Facility Plan for Ozark Point Water Treatment Plant improvements and re-declaring CAW's intent to reimburse associated capital expenditures from bond proceeds was unanimously approved.

CONTRACTS/PURCHASES

Upon a motion duly made by Commissioner Smith, and seconded by Commissioner Robertson, after due consideration and discussion, a supplement to our current agreement with Arkansas Utility Protection Services, Inc., (ArkUps) in the amount of \$408,382 was unanimously approved.

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Powell, after due consideration and discussion, the purchase of water meters in the estimated amount of \$962,411.20 from multiple vendors was unanimously approved.

Upon a motion duly made by Commissioner Kendall, and seconded by Commissioner Hughes, after due consideration and discussion, an annual contract with USGS to monitor streamflows and water quality at Lake Maumelle and Lake Winona in the amount of \$383,262 was unanimously approved.

DEPARTMENT UPDATES

Finance

Mr. Mascagni provided a year-to-date financial update on utility operations.

BOARD BRIEFING

Mr. Bohannon provided an update on several matters to the Board.

EXECUTIVE SESSION

Upon a motion duly made by Commissioner Smith and seconded by Commissioner Kendall, the Board went into Executive Session with Mr. Bohannon to discuss a personnel matter and the Board vacancy.

Upon reconvening the regular session, Chair Hartman stated that no action was taken on the personnel matter.

Chair Hartman stated that we received many impressive and well-qualified candidates for the current Board vacancy. The Board selected the following four candidates to be interviewed at a Special Call Meeting on Wednesday, January 16, 2018, beginning at 1:30 pm.

Stuart Mackey
Gregg Patterson
Mark Langston
Jim McKenzie

ADJOURNMENT

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Robertson, the meeting was adjourned.



Kandi Hughes, Acting Secretary/Treasurer

RESOLUTION NO. 2018-01

A RESOLUTION APPROVING THE FACILITY PLAN FOR CERTAIN IMPROVEMENTS TO THE OZARK POINT WATER TREATMENT PLANT AMENDING THE DECLARATION OF 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.

WHEREAS, Central Arkansas Water ("CAW") owns and operates the Ozark Point Water Treatment Plant (Ozark WTP);

WHEREAS, CAW staff has determined that the existing facilities at the Ozark WTP are aging, and that in the face of increasingly stringent regulations and increasing maintenance costs and concerns regarding the continued operation of the Ozark WTP, certain major components and systems within the Ozark WTP should be replaced and certain improvements to the Ozark WTP should be implemented;

WHEREAS, improvements to the Ozark WTP (Improvements) will be made as more specifically set forth in the "Facility Plan" presented to the Board of Commissioners at this meeting (the "Facility Plan");

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 issuing tax-exempt bonds; and

WHEREAS, in May 2016, CAW previously declared its "official intent," within the meaning of United States Treasury Regulation §1.150-2, to issue tax-exempt bonds to pay for the Improvements; and

WHEREAS, CAW desires to amend its declaration of "official intent" to issue tax-exempt bonds and to reimbursement itself for expenses from the proceeds of such bonds.

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

Section 1. CAW hereby adopts the Facility Plan and directs the staff to make the necessary Improvements to the Ozark WTP to assure that the Ozark WTP is improved and operated in conformance with the Facility Plan.

Section 2. CAW hereby amends and re-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 Resolution 2016-11 dated May 12, 2016, 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 Thirty Six Million Dollars (\$36,000,000) (the "Bonds").

Section 3. CAW shall reimburse itself for the original expenditures from proceeds of the Bonds within eighteen (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 4. The appointment of Friday, Eldredge & Clark LLP, as Bond Counsel, is hereby approved and ratified.

Section 5. This Resolution shall be in effect upon its adoption and approval.


Section 6. A copy of this Resolution shall be filed with Secretary of CAW where it will be available for public inspection.

Section 7. A copy of this Resolution with original signatures shall be furnished by the Chief Financial Officer of CAW to the Executive Director of the Arkansas Natural Resources Commission.

ADOPTED: [January 11, 2018]

Attest:

APPROVED:



Kandi Hughes, Acting Secretary/Treasurer



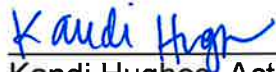
Jay Hartman, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Kandi Hughes, Acting Secretary of the Board of Commissioners, Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-01 of the Resolutions of Central Arkansas Water, entitled: **A RESOLUTION APPROVING THE FACILITY PLAN FOR CERTAIN IMPROVEMENTS TO THE OZARK POINT WATER TREATMENT PLANT AND AMENDING THE DECLARATION OF 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 January 11, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of January, 2018.



Kandi Hughes, Acting Secretary/Treasurer
Central Arkansas Water Board of Commissioners

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

January 31, 2018

The Board of Commissioners, Central Arkansas Water (CAW), convened in a Special Call meeting at 1:30 p.m. Wednesday, January 31, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

Mr. Jay Hartman, Chair
Ms. Carmen Smith, Vice Chair
Ms. Kandi Hughes, Acting Secretary/Treasurer
Mr. Eddie Powell, Commissioner
Dr. Roby Robertson, Commissioner
Mr. Anthony Kendall, Commissioner

CAW Staff in attendance:

Mr. Tad Bohannon, Chief Executive Officer
Ms. Becky Linker, Chief Administrative Officer
Mr. Douglas Shackelford, Director of Public Affairs & Communications
Ms. Samantha Williams-Davis, Communications Specialist and Brand Manager
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Mr. Stuart Mackey, Board Applicant
Mr. Gregg Patterson, Board Applicant
Mr. Jim McKenzie, Board Applicant
Mr. Jordan Johnson, JPJ consulting, LLC
Ms. Ruth Bell, League of Women Voters of Pulaski County
Ms. Kathleen Oleson, League of Women Voters of Pulaski County
Mr. Jim Lindsey, Citizen

CALL MEETING TO ORDER

Chair Hartman called the meeting to order at 1:45 p.m.

OLD BUSINESS

Chair Hartman stated the purpose of the meeting is to interview three candidates to fill the Board vacancy created by the resignation of Commissioner John Braune.

Chair Hartman informed each candidate that they would each receive identical questions from the Board and that there might also be follow-up questions a Commissioner might have in response to the candidates' comments.

The Board interviewed each candidate individually in the following order:

Mr. Stuart Mackey
Mr. Gregg Patterson
Mr. Jim McKenzie

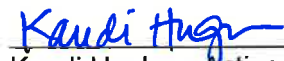
EXECUTIVE SESSION

Upon a motion duly made by Commissioner Hughes and seconded by Commissioner Powell, the Board went into Executive Session to discuss the Board vacancy.

Upon reconvening the regular session, Chair Hartman stated that no action was taken and that the Board will discuss this further during an Executive Session at the next Board Meeting to be held on February 15, 2018.

ADJOURNMENT

Upon a motion duly made by Commissioner Hughes and seconded by Commissioner Powell, the meeting was adjourned.



Kandi Hughes, Acting Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

February 15, 2018

The Board of Commissioners of Central Arkansas Water (CAW) convened in a regular meeting at 2:00 p.m. on Thursday, February 15, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue Little Rock, Arkansas.

Present:

Mr. Jay Hartman, Chair
Ms. Kandi Hughes, Acting Secretary/Treasurer
Mr. Eddie Powell, Commissioner
Mr. Anthony Kendall, Commissioner

Telephonic:

Dr. Roby Robertson, Commissioner

Absent:

Ms. Carmen Smith, Vice Chair

CAW Staff in Attendance:

Mr. Tad Bohannon, Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. David Johnson, General Counsel
Ms. Becky Linker, Chief Administrative Officer
Mr. Jeff Mascagni, Chief Financial Officer
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Dale Kimbrow, Manager of Planning, Regionalism, and Future Water Source
Mr. Kevin Hall, Director of Environmental Health & Safety
Mr. Robert Martin, Safety Specialist
Mr. Richard Atlas, Instrument Technician II
Mr. Sam Zehtaban, Director of Water Production
Mr. Blake Weindorf, P.E., Assistant Director of Distribution
Mr. Douglas Shackelford, Director of Public Affairs & Communications
Ms. Samantha Williams-Davis, Communications Specialist and Brand Manager
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Mr. Jordan Johnson, JPJ Consulting, LLC
Ms. Chelsea Boozer, Reporter, Arkansas Democrat-Gazette
Mr. Stewart Noland, P.E., Crist Engineers
Ms. Ruth Bell, League of Women Voters of Pulaski County
Ms. Kathleen Oleson, League of Women Voters of Pulaski County
Ms. Carolyn Shearman, Friends of the Ouachita Trail

Mr. Stuart Mackey, Citizen
Mr. Jim Lindsey, Citizen

CALL MEETING TO ORDER

Chair Hartman called the meeting to order at 2:00 p.m.

EMPLOYEE RECOGNITION

Mr. Bohannon introduced Mr. Robert Martin, Safety Specialist, who presented the 2017 John Robinson Award for Safety to Mr. Richard Atlas, Instrument Technician II. The John Robinson Award for Safety is awarded annually for excellence in workplace safety.

APPROVAL OF BOARD MINUTES

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Kendall, the minutes of the January 11, 2018, Regular Meeting and January 31, 2018, Special Call Meeting were unanimously approved.

NEW BUSINESS

Presentation on Capital Projects

Mr. Mascagni and Mr. Weindorf provided an overview of 2017 rate-funded capital spending, 2018 carryover funds, and critical asset replacements.

2017 Workers Compensation Update

Mr. Hall made a presentation on CAW's Workers Compensation program and compared 2017 injury data and vehicle accidents to prior years.

CONTRACTS/PURCHASES

Upon a motion duly made by Commissioner Powell, and seconded by Commissioner Hughes, after due consideration and discussion, the existing engineering contract with Carollo Engineers, Inc. was amended to include detailed engineering design, preparing bid documents, and obtaining bids for renovations to the Ozark Point Water Treatment Plant in the amount of \$2,241,870 was unanimously approved. Mr. Ferguson also advised the Board that another amendment will be required for additional engineering services for the construction and post construction phases.

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Powell, after due consideration and discussion, a construction contract with Gene Summers Construction, Inc. in the amount of \$237,828 to install approximately 2,200 linear feet of 12-inch water main located along the north side of West Baseline Road between Margo Lane and Crystal Valley Lateral was unanimously approved.

DEPARTMENT UPDATES

Finance

Mr. Mascagni provided a year-to-date financial update on utility operations.

BOARD BRIEFING

Mr. Bohannon provided an update on several matters to the Board.

EXECUTIVE SESSION

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Hughes, the Board went into Executive Session with Mr. Bohannon to discuss a personnel matter and the Board vacancy.

Upon reconvening the regular session, a motion was duly made by Commissioner Hughes and seconded by Commissioner Powell; the Board unanimously adopted a Resolution for Mr. Jim McKenzie to fill the vacant position on the Board of Commissioners. Mr. McKenzie will serve the remaining seven-year term of Mr. John Braune, ending June 30, 2020.

Chair Hartman noted that Mr. McKenzie's position as Commissioner is subject to confirmation by the governing bodies of the cities of Little Rock and North Little Rock.

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Hughes to increase Mr. Bohannon's base pay by two percent, retroactive to January 1, 2018, was unanimously approved.

ADJOURNMENT

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Kendall, the meeting was adjourned.



Kandi Hughes, Acting Secretary/Treasurer

RESOLUTION NO. 2018-02

A RESOLUTION APPOINTING MR. JIM MCKENZIE TO THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER, AND FOR OTHER PURPOSES

WHEREAS, the term of Mr. John Braune, a member of the Board of Commissioners, Central Arkansas Water ("CAW Board"), ended on October 23, 2017, due to Mr. Braune's resignation; 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 confirmation 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 appoint Mr. Jim McKenzie to serve the remainder of a seven-year term ending June 30, 2020, subject to confirmation 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.

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 confirm this appointment.

ADOPTED: February 15, 2018

ATTEST:



Kandi Hughes, Acting Secretary/Treasurer

APPROVED:



Jay Hartman, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Kandi Hughes, Acting Secretary/Treasurer of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-02 of the Resolutions of Central Arkansas Water, entitled: **RESOLUTION APPOINTING MR. JIM McKENZIE TO THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER, AND FOR OTHER PURPOSES**, adopted February 15, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of February, 2018.



Kandi Hughes, Acting Secretary/Treasurer
Central Arkansas Water Board of Commissioners

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

March 15, 2018

The Board of Commissioners of Central Arkansas Water (CAW) convened in a regular meeting at 2:00 p.m. on Thursday, March 15, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue, Little Rock, Arkansas.

Present:

Mr. Jay Hartman, Chair
Ms. Carmen Smith, Vice Chair
Ms. Kandi Hughes, Acting Secretary/Treasurer
Mr. Anthony Kendall, Commissioner
Dr. Roby Robertson, Commissioner
Mr. Jim McKenzie, Commissioner

Absent:

Mr. Eddie Powell, Commissioner

CAW Staff in Attendance:

Mr. Tad Bohannon, Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. David Johnson, General Counsel
Ms. Becky Linker, Chief Administrative Officer
Mr. Jeff Mascagni, Chief Financial Officer
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Dale Kimbrow, Manager of Planning, Regionalism, and Future Water Source
Mr. Sam Zehtaban, Director of Water Production
Mr. Blake Weindorf, P.E., Assistant Director of Distribution
Mr. Randy Easley, Director of Water Quality
Mr. Ronnie Bankston, Production Manager
Mr. Mike Bryant, Facilities Operator II
Ms. Samantha Williams-Davis, Communications Specialist and Brand Manager
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Mr. Jordan Johnson, JPJ Consulting, LLC
Ms. Kayleigh Dulaney, Wright, Lindsey & Jennings LLP
Ms. Ruth Bell, League of Women Voters of Pulaski County
Ms. Kathleen Oleson, League of Women Voters of Pulaski County
Ms. Carolyn Shearman, Friends of the Ouachita Trail
Mr. Jim Lindsey, Citizen

CALL MEETING TO ORDER

Chair Hartman called the meeting to order at 2:00 p.m. and welcomed Commissioner McKenzie to the Board.

APPROVAL OF BOARD MINUTES

Upon a motion duly made by Commissioner Robertson and seconded by Commissioner Kendall, the minutes of the February 15, 2018, Regular Meeting were unanimously approved.

NEW BUSINESS

Presentation on Maumelle Watershed Real Property Goals and Acquisitions

Mr. Easley reviewed land acquisitions that have been made in the Lake Maumelle Watershed in the ten years following adoption of the Lake Maumelle Management Plan. Mr. Bohannon gave a financial update on the status of the Watershed Protection Fee Account and asked the Board for guidance on the importance of future land acquisitions.

Update on the Status of the Customer Information System (CIS) Replacement Project and a Request to Approve an Extension of the Current CIS Maintenance Agreement

Mr. Mascagni updated the Board on the status of the CIS project and requested approval of an amendment to CAW's current CIS Maintenance and Support Contract with Systems & Software. The amendment will extend the support contract from December 31, 2019 to December 31, 2022. CAW has the option to terminate extended agreement with Notice.

Upon a motion duly made by Commissioner Kendall, and seconded by Commissioner Hughes, after due consideration and discussion, the amendment to extend CAW's current CIS Maintenance and Support Contract with Systems & Software was unanimously approved.

Approve Payments to Retain DeGray Lake Right of First Refusal

Mr. Kimbrow requested Board approval of a payment in the amount of \$154,426.20 to the Ouachita River Water District (ORWD) and the Corps of Engineers to retain the Right of First Refusal for 120 MGD from DeGray Lake. The City of Hot Springs has paid its pro-rata share of \$25,742.85 to CAW for the right to 20 MGD; therefore, CAW's net payment will be \$128,683.35.

Upon a motion duly made by Commissioner Robertson, and seconded by Commissioner McKenzie, after due consideration and discussion, the payment to ORWD and the Corps of Engineers was unanimously approved.

CONTRACTS/PURCHASES

Upon a motion duly made by Commissioner Kendall, and seconded by Commissioner Smith, after due consideration and discussion, the purchase of three (3) crew truck cab and chassis and two (2) dump truck chassis with dump beds from Truck Centers of Arkansas in the amount of \$421,350 was unanimously approved.

DEPARTMENT UPDATES

Finance

Mr. Mascagni provided a year-to-date financial update on utility operations.

BOARD BRIEFING

Mr. Bohannon provided an update on several matters to the Board.

ADJOURNMENT

Upon a motion duly made by Commissioner McKenzie and seconded by Commissioner Robertson, the meeting was adjourned.



Carmen Smith, Vice Chair

CENTRAL ARKANSAS WATER
MINUTES OF PUBLIC HEARING
REGARDING ISSUANCE OF \$2,500,000
IN MAXIMUM PRINCIPAL AMOUNT OF
WATER REVENUE BONDS

April 10, 2018

The meeting was called to order by Jeff Mascagni, Chief Financial Officer, Central Arkansas Water, who presided at the meeting. He stated that a public hearing was scheduled to be held at 2:00 p.m. at the James T. Harvey Administration Building of Central Arkansas Water located at 221 East Capitol Avenue in Little Rock, Arkansas. The public hearing was held to hear comments on the question of Central Arkansas Water issuing \$2,500,000 in maximum principal amount of water revenue bonds for the purpose of financing the costs of planning and designing improvements to the water system operated by Central Arkansas Water, including particularly, without limitation, the Ozark Point Water Treatment Plant Project.

Mr. Mascagni stated that notice of a public hearing had been given by publication at least 10 days prior to the date hereof in a newspaper of general circulation in the cities of Little Rock and North Little Rock, Arkansas. He observed that the time for the public hearing had arrived and declared the public hearing to be open.

Mr. Mascagni then addressed those in attendance and asked for questions or comments. There were no comments or questions.

After allowing time for comments and questions, Mr. Mascagni declared the public hearing closed.

CERTIFICATE

The undersigned, Chair of Central Arkansas Water, hereby certifies that the foregoing is a true and perfect written record of a public hearing held at 2:00 p.m. on the 10th day of April, 2018, which now appears in the records of the Central Arkansas Water in Little Rock, Arkansas.


Carmen Smith, Vice Chair

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

April 12, 2018

The Board of Commissioners of Central Arkansas Water (CAW) convened in a regular meeting at 2:00 p.m. on Thursday, April 12, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue, Little Rock, Arkansas.

Present:

Mr. Jay Hartman, Chair
Ms. Carmen Smith, Vice Chair
Mr. Anthony Kendall, Commissioner
Dr. Roby Robertson, Commissioner
Mr. Jim McKenzie, Commissioner

Telephonic:

Mr. Eddie Powell, Commissioner

Absent:

Ms. Kandi Hughes, Acting Secretary/Treasurer

CAW Staff in Attendance:

Mr. Tad Bohannon, Chief Executive Officer
Mr. David Johnson, General Counsel
Mr. Jeff Mascagni, Chief Financial Officer
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Dale Kimbrow, Manager of Planning, Regionalism, and Future Water Source
Mr. Sam Zehntaban, Director of Water Production
Mr. Danny Dunn, Assistant Director of Distribution
Mr. Randy Easley, Director of Water Quality
Mr. Douglas Shackelford, Director of Public Affairs & Communications
Ms. Samantha Williams-Davis, Communications Specialist and Brand Manager
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Mr. Jordan Johnson, JPJ Consulting, LLC
Mr. Corey Jennings, Director, BKD
Mr. Andy Richards, Partner, BKD
Ms. Lauren Schallhorn, Senior Associate, BKD
Ms. Kayleigh Dulaney, Wright, Lindsey & Jennings LLP
Ms. Ruth Bell, League of Women Voters of Pulaski County
Ms. Kathleen Oleson, League of Women Voters of Pulaski County
Mr. Barry Haas, Citizen
Mr. Jim Lindsey, Citizen

CALL MEETING TO ORDER

Chair Hartman called the meeting to order at 2:00 p.m.

APPROVAL OF BOARD MINUTES

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Smith, the minutes of the March 15, 2018, Regular Meeting were unanimously approved.

NEW BUSINESS

Approve the 2017 Audit for CAW

Mr. Corey Jennings, from BKD, introduced Mr. Andy Richards and Ms. Lauren Schallhorn, who presented a review of the draft 2017 Comprehensive Annual Financial Report (CAFR) for CAW. Mr. Mascagni asked the Board to approve the 2017 CAFR.

Upon a motion duly made by Commissioner Smith, and seconded by Commissioner McKenzie, after due consideration and discussion, the 2017 CAFR was unanimously approved

Informational Update on Purchase of Property in Lake Maumelle Watershed

Mr. Bohannon updated the Board on the status on the property purchase of 467.71 acres located in Lake Maumelle Watershed. He stated that a Resolution authorizing the purchase will be presented for consideration at the May Board Meeting.

Presentation on Asset Management

Mr. Bohannon updated the Board on various asset management endeavors.

CONTRACTS/PURCHASES

Upon a motion duly made by Commissioner Kendall, and seconded by Commissioner Robertson, after due consideration and discussion, a construction contract with Smith Underground in the amount of \$239,887 to replace approximately 1,100 linear feet of 12-inch A.C. water mains was unanimously approved.

DEPARTMENT UPDATES

Finance

Mr. Mascagni provided a year-to-date financial update on utility operations.

BOARD BRIEFING

Mr. Bohannon provided an update on several matters to the Board.

ADJOURNMENT

Upon a motion duly made by Commissioner Smith and seconded by Commissioner McKenzie, the meeting was adjourned.

Kandi Hught
Kandi Hughes, Acting Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

May 10, 2018

The Board of Commissioners of Central Arkansas Water (CAW) convened in a regular meeting at 2:00 p.m. on Thursday, May 10, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue, Little Rock, Arkansas.

Present:

Mr. Jay Hartman, Chair
Ms. Carmen Smith, Vice Chair
Ms. Kandi Hughes, Acting Secretary/Treasurer
Dr. Roby Robertson, Commissioner
Mr. Jim McKenzie, Commissioner

Absent:

Mr. Eddie Powell, Commissioner
Mr. Anthony Kendall, Commissioner

CAW Staff in Attendance:

Mr. Tad Bohannon, Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. David Johnson, General Counsel
Mr. Jeff Mascagni, Chief Financial Officer
Ms. Cynthia Edwards, Controller
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Dale Kimbrow, Manager of Planning, Regionalism, and Future Water Source
Mr. Blake Weindorf, P.E., Assistant Director of Distribution
Mr. Doug Graham, Assistant Director of Water Production
Mr. Randy Easley, Director of Water Quality
Mr. Douglas Shackelford, Director of Public Affairs & Communications
Ms. Samantha Williams-Davis, Communications Specialist and Brand Manager
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Mr. Jordan Johnson, JPJ Consulting, LLC
Ms. Emily Walkenhorst, AR Democrat-Gazette
Mr. Chet Howland, ADEQ
Mr. Sterling Miller, Performance Services
Mr. Robert Gandy, P.E., Performance Services
Mr. Bill Halter, Scenic Hill Solar
Ms. Carrie Kyhl, Scenic Hill Solar
Mr. J. Shephard Russell, III, Friday, Eldredge & Clark, LLP
Mr. Dee Brown, P.E., Brown Engineers
Mr. Paul Strickland, P.E., Garver Engineers

Mr. Antwan Phillips, Wright, Lindsey & Jennings LLP
Ms. Ruth Bell, League of Women Voters of Pulaski County
Mr. Carolyn Sherman, Friends of the Ouachita Trail
Mr. Jim Lindsey, Citizen

CALL MEETING TO ORDER

Chair Hartman called the meeting to order at 2:00 p.m.

APPROVAL OF BOARD MINUTES

Upon a motion duly made by Commissioner Smith and seconded by Commissioner Hughes, the minutes of the April 12, 2018, Regular Meeting were unanimously approved.

NEW BUSINESS

Appointment of 2018-2019 Officers

Upon a motion duly made by Commissioner Robertson and seconded by Commissioner Hughes, after due consideration and discussion, the slate of Board Officers for the 2018-2019 term beginning July 1, 2018, was unanimously approved.

Ms. Carmen Smith – Chair
Ms. Kandi Hughes – Vice Chair
Mr. Eddie Powell – Secretary/Treasurer

Mr. Jim McKenzie – Acting Secretary/Treasurer (during Commissioner Powell's absence)

Resolution Authorizing Purchase of Property in Lake Maumelle Watershed

Mr. Bohannon requested Board approval of a Resolution authorizing the purchase of 460.04 acres located in the Lake Maumelle Watershed, for a purchase price of \$3,467,193.36 (\$7,536.72 per acre).

Upon a motion duly made by Commissioner McKenzie and seconded by Commissioner Smith, after due consideration and discussion, the Resolution authorizing the purchase of 460.04 acres was unanimously approved.

Presentation on Energy Audit Conducted by Performance Services

Mr. Bohannon and Sterling Miller of Performance Services gave a presentation on the results of the recently completed energy audit. The presentation was for informational purposes only; no action was required at this time.

Resolution Authorizing Issuance of Water Revenue Bond

Mr. Mascagni requested Board approval of a Resolution authorizing the issuance of a water revenue bond in the maximum principal amount of \$2,500,000 to finance the cost of planning and design for certain improvements to the Ozark Point Water Treatment Plant.

Upon a motion duly made by Commissioner McKenzie and seconded by Commissioner Robertson, after due consideration and discussion, the Resolution authorizing the issuance of a water revenue bond to finance the cost of planning and design for certain improvements to the Ozark Point Water Treatment Plant was unanimously approved.

DEPARTMENT UPDATES

Finance

Mr. Mascagni provided a year-to-date financial update on utility operations and Ms. Edwards provided the annual report on CAW's Red Flag Policy, as required by federal law.

Communications & Public Affairs

Mr. Shackelford provided an update on matters pertaining to communications and public affairs.

Regionalism

Mr. Kimbrow provided an update on matters pertaining to regionalism.

BOARD BRIEFING

Mr. Bohannon provided an update on several matters to the Board.

ADJOURNMENT

Upon a motion duly made by Commissioner Robertson and seconded by Commissioner Smith, the meeting was adjourned.



Kandi Hughes, Acting Secretary/Treasurer

RESOLUTION 2018-03

A RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY IN THE LAKE MAUMELLE WATERSHED; AND FOR OTHER PURPOSES

WHEREAS, on or about March 15, 2018, Central Arkansas Water ("CAW") entered into a Real Estate Offer and Acceptance Agreement (the "Agreement") for the purchase of approximately four hundred sixty and 04/100 (460.04) acres of real property in the Lake Maumelle Watershed (the "Property") from The Woodcrest Company, LLP (the "Seller") for the purchase price of Three Million Four Hundred Sixty-Seven Thousand One Hundred Ninety-Three and 36/100 Dollars (\$3,467,193.36) (the "Purchase Price"); and

WHEREAS, the Agreement is subject to approval of the Board of Commissioners of Central Arkansas Water (the "Commission"); and

WHEREAS, the Commission, based upon the recommendations of staff, has determined that it is in the best interest of CAW and its ratepayers to acquire the Property for the Purchase Price to protect the water quality within Lake Maumelle.

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

Section 1. The Agreement and the purchase of the Property upon and in accordance with the terms of the Agreement are hereby approved, and the actions of the Chief Executive Officer in executing the Agreement are hereby ratified in full.

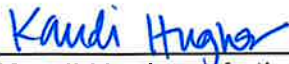
Section 2. Each of the Chief Executive Officer, the Chief Operating Officer, and the Chief Financial Officer is hereby authorized and directed, as necessary or required, to deliver the Purchase Price and to execute and acknowledge documents as necessary to complete the purchase of the Property in accordance with the terms of the Agreement.

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

Section 4. A copy of this Resolution shall be filed in the administrative offices of CAW, where it will be available for public inspection.

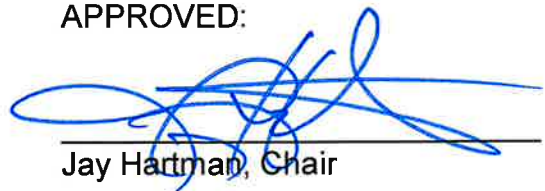
ADOPTED: [May 10, 2018]

Attest:



Kandi Hughes, Acting Secretary/Treasurer

APPROVED:



Jay Hartman, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Kandi Hughes, Acting Secretary/Treasurer of the Board of Commissioners, Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-03 of the Resolutions of Central Arkansas Water, entitled: **A RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY IN THE LAKE MAUMELLE WATERSHED; AND FOR OTHER PURPOSES**, adopted May 10, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of May, 2018.

Kandi Hughes

Kandi Hughes, Acting Secretary/Treasurer
Central Arkansas Water Board of Commissioners

RESOLUTION NO. 2018-04

A RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND FOR THE PURPOSE OF FINANCING THE COST OF THE PLANNING AND DESIGN PHASE OF CAPITAL IMPROVEMENTS TO THE WATER SYSTEM OF CENTRAL ARKANSAS WATER; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BOND; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, Central Arkansas Water (the “Issuer”) owns a water system consisting of water collection, holding, treatment and distribution facilities (the “System”); and

WHEREAS, the Issuer was created by the Cities of Little Rock and North Little Rock, Arkansas (the “Cities”) pursuant to the Consolidated Waterworks Authorization Act codified as A.C.A. §§25-20-301 et seq. (the “Authorizing Legislation”); and

WHEREAS, the Board of Commissioners of the Issuer has determined that extensions, betterments and improvements to the System (the “Improvements”) are necessary in order to make the services of the System adequate for the needs of the Issuer’s customers; and

WHEREAS, the Improvements include particularly, without limitation, the Ozark Point Water Treatment Plant Project; and

WHEREAS, Issuer is proceeding with the planning and design phase of the Improvements; and

WHEREAS, in order to finance the costs of the planning and design phase of the Improvements, including bond issuance costs, the Issuer is making arrangements for the sale of a bond in the maximum principal amount of \$2,500,000 to the Arkansas Development Finance Authority, as purchaser (the “Bondholder”), at a price of par for a bond pursuant to a Bond Purchase Agreement (the “Agreement”) among the Issuer, the Bondholder and the Arkansas Natural Resources Commission (“Natural Resources”), which has been presented to and is before this meeting; and

WHEREAS, the bond authorized hereby is being issued in anticipation of the issuance of permanent bonds to finance the Improvements; and

WHEREAS, the Issuer has the following outstanding issues of revenue bonds: Refunding Water Revenue Bond, Series 2010A (2009 ANRC Project) (the “Series 2010A Bond”), Water Refunding Revenue Bonds, Series 2010C (Watershed Protection Project) (the “Series 2010C Bonds”), Water Revenue Bond, Series 2011A (Wye Mountain Extension Project) (the “Series 2011A Bond”), Capital Improvement Water Revenue Bonds, Series 2012A (the

“Series 2012A Bonds”), Refunding Water Revenue Bonds, Series 2014 (the “Series 2014 Bonds”), Refunding Water Revenue Bonds, Series 2015 (the “Series 2015 Bonds”), Refunding Water Revenue Bonds, Series 2016 (the “Series 2016 Refunding Bonds”), Acquisition and Construction Water Revenue Bonds (Maumelle Water System Acquisition Project), Series 2016 (the “Series 2016 Maumelle Bonds”) and Water Revenue Bond (Wilson Pump Station #1A Project), Series 2017A (the “Series 2017A Bond”); and

WHEREAS, the Issuer is authorized under the provisions of Amendment No. 65 to the Arkansas Constitution and the Authorizing Legislation to issue and sell the bond; and

WHEREAS, the Issuer has given notice to the Cities and held a public hearing, both in accordance with the Consolidation Agreement dated as of March 1, 2001 by and among the Cities, the Board of Commissioners of the Little Rock Municipal Water Works and the Board of Commissioners of the North Little Rock Water Department (the “Consolidation Agreement”); and

WHEREAS, the Issuer is required to pay to the Arkansas Development Finance Authority, as servicer (the “Authority”), a financing fee equal to 1% per annum of the outstanding principal amount of the bond for the period described herein (the “Financing Fee”);

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

Section 1. The following terms used in this Resolution shall have the following meanings unless the context requires otherwise:

“Accrued Debt Service” means, as of any date of calculation, the amount of Debt Service that has accrued with respect to the bond or any Parity Debt, as applicable, calculating the Debt Service that has accrued with respect to the bond or Parity Debt as an amount equal to the sum of (a) the interest on the bond or Parity Debt that has accrued and is unpaid and that will have accrued by the end of the then current calendar month, and (b) that portion of the principal of the bond or Parity Debt payable within the 12 month period following the date of calculation of the bond or Parity Debt that would have accrued (if deemed to accrue in the same manner as interest accrues) by the end of the then current calendar month.

“Debt Service” means, for any particular Fiscal Year with respect to the bonds or Parity Debt, as applicable, an amount equal to the sum of all principal and interest (net of any interest subsidy with respect to the bond or Parity Debt paid or payable to or for the account of the Issuer by any governmental body or agency) payable during such Fiscal Year calculated on the assumption that the bond or the Parity Debt, on the day of calculation cease to be outstanding by reason of, but only by reason of, payment or defeasance.

“Depreciation Fund” means the Depreciation Trust Fund maintained by the Issuer.

“Fiscal Year” means the annual accounting period of the System as from time to time in effect, initially a period commencing on January 1 of each calendar year and ending on the next succeeding December 31.

“Grant Aid” means any grants in aid made to the Issuer by the federal government, the State, or either or both of the Cities, or any federal subsidy legally available to pay the principal of or interest on the bond, the Parity Debt, the Series 2016 Maumelle Bonds or other Subordinated Indebtedness.

“Long Term Debt Surcharge Revenues” means 100% of the collections of the long term debt surcharge levied by the Issuer pursuant to Resolution 2015-15, as amended by Resolution 2016-06, for collection within the Maumelle water system service area.

“Operation and Maintenance Costs” means all actual operation and maintenance costs related to the System incurred by the Issuer in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, including amounts reasonably required to be set aside in reserves for items of Operation and Maintenance Costs, the payment of which is not then immediately required. Operation and Maintenance Costs include, but are not limited to, amounts paid by the Issuer for improvement, repair, replacement, or acquisition of any item of equipment related to the System; salaries and wages, employees' health, hospitalization, pension, and retirement expenses; fees and expenses for services, materials, and supplies; rents; administrative and general expenses; insurance expenses; fiduciaries' fees and expenses and other agents' fees and expenses; legal, engineering, accounting, financing, and financial advisory fees and expenses, and fees and expenses of other consulting and technical services; training of personnel; taxes; payments in lieu of taxes and other governmental charges; costs of utilities services and other auxiliary services; and any other current expenses or obligations required to be paid by the Issuer under the provisions of this Resolution or by law, all to the extent properly allocable to the System. Such Operation and Maintenance Costs do not include depreciation or obsolescence charges or reserves therefor; amortization of intangibles or other bookkeeping entries of a similar nature; interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the Issuer, or costs, or charges made therefor; or losses from the sale, abandonment, reclassification, revaluation, or other disposition of any properties.

“Parity Debt” means the Series 2010A Bond, the Series 2010C Bonds, the Series 2011A Bond, the Series 2012A Bonds, the Series 2014 Bonds, the Series 2015 Bonds, the Series 2016 Refunding Bonds, the Series 2017A Bond and any future debt obligations of the Issuer incurred in compliance with Section 22(b) of this Resolution and secured and payable on a parity of security with the bond.

“Rate Covenant Requirement” has the meaning specified in Section 7(a) hereof.

“Rate Stabilization Account” means the account created under that name by the RSA Resolution.

“Revenue Fund” means the fund by that name heretofore created into which Revenues are deposited.

“Revenues” means all revenues, fees, income, rents, and receipts derived by the Issuer from the System, including without limitation any proceeds of the Issuer from the sale of any property of the System permitted under this Resolution, including the proceeds of any insurance

covering business interruption loss. Revenues also include all interest, profits, or other income derived from the investment of any moneys held pursuant to this Resolution, and any trust indenture securing the Parity Debt, the Series 2016 Maumelle Bonds or other Subordinated Indebtedness and required to be paid into the Revenue Fund and the proceeds of any interest subsidy with respect to the bond, Parity Debt, Series 2016 Maumelle Bonds or other Subordinated Indebtedness paid to or for the account of the Issuer by any governmental body or agency. Revenues shall not include: (a) Grant Aid; (b) proceeds received on insurance resulting from casualty damage to assets of the System; (c) rentals or other charges derived by the Issuer under and pursuant to a lease or leases relating to Special Purpose Facilities; (d) the proceeds of sale of the bond, the Parity Debt, the Series 2016 Maumelle Bonds or other Subordinated Indebtedness, or other obligations issued for System purposes; (e) the proceeds of the Watershed Protection Fee; or (f) franchise fees. From and after the Stabilized Net Revenues Adjustment Date, the preceding sentence within the definition of “Revenues” shall read as follows: Revenues shall not include (a) Grant Aid; (b) proceeds received on insurance resulting from casualty damage to assets of the System; (c) rentals or other charges derived by the Issuer under and pursuant to a lease or leases relating to Special Purpose Facilities; (d) the proceeds of sale of the bond, Parity Debt, Subordinate Indebtedness (excluding the Series 2016 Maumelle Bonds) or other obligations issued for System purposes; (e) the proceeds of the Watershed Protection Fee; (f) franchise fees; or (g) Special Debt Retirement Charge Revenues.

“RSA Resolution” means Resolution 2010-03 adopted by the Issuer on May 13, 2010, establishing the Rate Stabilization Account and providing for its terms and conditions.

“Short-Term Indebtedness” means all indebtedness incurred or assumed by the Issuer, with respect to the System, for any of the following: (a) payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the Issuer, for a period from the date originally incurred, of one year or less; (b) payments under leases having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and (c) payments under installment purchase contracts having an original term of one year or less.

“Special Debt Retirement Charge Indebtedness” shall mean bonds, notes or other forms of indebtedness that are secured solely by Special Debt Retirement Charge Revenues and from any reserves established only to secure such bonds, notes or other forms of indebtedness. From and after the Stabilized Net Revenue Adjustment Date, the Series 2016 Maumelle Bonds are included within the definition of Special Debt Retirement Charge Indebtedness.

“Special Debt Retirement Charge Revenues” shall mean Revenues collected from a special charge to customers in a defined service area of the System that are used solely to retire Special Debt Retirement Charge Indebtedness.

“Special Purpose Bonds” means (i) such other bonds, notes or other interest bearing obligations to which a portion of the Revenues are pledged, and the proceeds of which are used to finance the design, acquisition, and construction of facilities or projects as the Issuer shall by resolution designate as a Special Purpose Facility, and the cost of construction and acquisition of which facilities are financed with the proceeds of Special Purpose Bonds as contemplated and permitted by Section 22(d) of this Resolution, or (ii) such other bonds to which the Watershed

Protection Fee is pledged and the proceeds of which are used to finance the acquisition of land within the watershed of Lake Maumelle or the design, acquisition, and construction of facilities or projects as the Issuer shall by resolution deem necessary or advisable for protection of water quality within Lake Maumelle.

“Special Purpose Facility” means (a) additional water sources, including but not limited to, a new lake; or (b) such other facilities or projects as the Issuer shall by resolution designate as a Special Purpose Facility, and the cost of construction and acquisition of which facilities are financed with the proceeds of Special Purpose Bonds of the Issuer as contemplated and permitted by Section 22(d) of this Resolution.

“Stabilized Net Revenues” means, for any period, an amount equal to all of the Revenues received during such period less Operation and Maintenance Costs during such period, less amounts transferred into the Rate Stabilization Account pursuant to authorization by the Issuer, plus amounts transferred out of the Rate Stabilization Account pursuant to authorization by the Issuer.

“Stabilized Net Revenues Adjustment Date” means the first date on which (i) the Series 2010C Bonds, the Series 2012A Bonds, the Series 2014 Bonds and the Series 2015 Bonds are fully paid or defeased and (ii) the 2010A Bond and the Series 2011A Bond are either paid in full or the owners of the Series 2010A Bond and the Series 2011A Bond have agreed to release any Special Debt Retirement Charge Revenues from the pledge in favor of the Series 2010A Bond and the Series 2011A Bond.

“Subordinate Indebtedness” shall mean the Series 2016 Maumelle Bonds and other bonds, notes, or other forms of indebtedness, the payment of the principal of or interest or redemption premium on which are payable solely from moneys after payment of all periodic obligations hereunder or under the provisions of any Parity Debt.

“Water Consultant” means any firm, corporation, or individual, including but not limited to registered professional engineers and certified public accountants, who are experienced in the administration, financial affairs, maintenance, construction, or operation of potable water collection treatment, and distribution facilities, appointed and paid by the Issuer, who: (a) is in fact independent and not under the domination of the Issuer; (b) does not have any substantial interest, direct or indirect, in the Issuer; and (c) is not connected with the Issuer as an officer or employee but who may be regularly retained to make annual or other periodic reports to the Issuer.

“Watershed Protection Fee” means the fee designated as such on each customer's water bill that by resolution of the Issuer is dedicated toward funding the Issuer's Watershed Management Program, which includes land purchases, water quality monitoring, and other measures to protect the Issuer's drinking water supply lakes from potential sources of pollution.

Section 2. The sale to the Bondholder of a bond from the Issuer in the maximum principal amount of \$2,500,000 at a price of par and otherwise subject to the terms and provisions hereafter in this Resolution set forth in detail be, and is hereby approved and the bond is hereby sold to the Bondholder. The Chairman is hereby authorized and directed to execute

and deliver the Agreement on behalf of the Issuer and to take all action required on the part of the Issuer to fulfill its obligations under the Agreement. The Agreement is hereby approved in substantially the form submitted to this meeting with such changes as may be approved by the Chairman of the Issuer, his execution to constitute complete evidence of such approval.

Section 3. Under the authority of the Constitution and laws of the State of Arkansas (the “State”), including particularly the Authorizing Legislation, Central Arkansas Water Revenue Bond (Ozark Point Water Treatment Plant Project), Series 2018A (the “bond”) is hereby authorized and ordered issued in the maximum principal amount of \$2,500,000, the proceeds of the sale of which will be used to finance the planning and design phase of the Improvements, pay expenses incidental thereto, and pay expenses of issuing the bond. The bond is being issued to provide temporary financing in anticipation of the delivery of permanent and definitive bonds for the Improvements. Upon delivery of the permanent and definitive bonds, the bond, to the extent then outstanding, with accrued interest, if any, shall be exchanged for, or paid from the proceeds of, the permanent and definitive bonds and shall be cancelled.

The bond shall be dated the date of delivery to the Bondholder. The bond shall not bear interest from its date of issuance to and including October 14, 2020. Thereafter, the bond shall bear interest at the rate of 0.50% per annum based upon a 360-day year of twelve consecutive 30-day months. Interest shall be payable on April 15, 2021 and on each April 15 and October 15 thereafter. Principal shall be payable in installments on April 15, 2021 and on each April 15 and October 15 thereafter until the unpaid principal is paid in full as follows:

<u>Date</u>	<u>Amount</u>
April 15, 2021	\$408,922
October 15, 2021	411,989
April 15, 2022	415,079
October 15, 2022	418,192
April 15, 2023	421,328
October 15, 2023	424,490

The bond will be registered as to both principal and interest, payable to the Bondholder, or registered assigns, as set forth hereinafter in the bond form, and shall be numbered R-1.

Payment of principal and interest shall be by check or draft mailed to the Bondholder at its address shown on the bond registration books of the Issuer which shall be maintained by the Secretary of the Issuer as Bond Registrar, without presentation or surrender of the bond (except upon final payment) and such payments shall discharge the obligation of the Issuer to the extent thereof. The Secretary of the Issuer shall keep a payment record and make proper notations thereon of all payments of principal and interest.

Payment of principal and interest shall be in any coin or currency of the United States of America which, as at the time of payment, shall be legal tender for the payment of debts due the United States of America. When the principal of and interest on the bond have been fully paid, it shall be canceled and delivered to the Secretary of the Issuer.

Section 4. The bond shall be executed on behalf of the Issuer by the Chairman and Secretary of the Issuer and shall have impressed thereon the seal of the Issuer. The bond is not a general obligation of the Issuer but is a special obligation, the principal of and interest on which, and Financing Fee in connection therewith, are secured by a pledge of and are payable from Stabilized Net Revenues. The pledge of Stabilized Net Revenues is on a parity with the pledge in favor of the Parity Debt. The pledge of Stabilized Net Revenues is senior to the pledge in favor of the Series 2016 Maumelle Bonds. It is understood and agreed that from and after the Stabilized Net Revenues Adjustment Date, that there will not be included in the definition of Revenues any Special Debt Retirement Charge Revenues and such Special Debt Retirement Charge Revenues shall be released from the pledge of this Resolution on the Stabilized Net Revenues Adjustment Date. The bond and interest thereon shall not constitute an indebtedness of the Issuer within any constitutional or statutory limitation.

Section 5. The bond shall be in substantially the following form and the Chairman and Secretary of the Issuer are hereby authorized and directed to make all the recitals contained therein:

(form of single registered bond)

UNITED STATES OF AMERICA
STATE OF ARKANSAS
CENTRAL ARKANSAS WATER
WATER REVENUE BOND
(OZARK POINT WATER TREATMENT PLANT PROJECT),
SERIES 2018A

No. R-1

\$2,500,000

KNOW ALL MEN BY THESE PRESENTS:

That the Central Arkansas Water (the "Issuer"), for value received, hereby acknowledges itself to owe and promises to pay to the Arkansas Development Finance Authority, or registered assigns, solely from the special fund provided as hereinafter set forth, the principal sum of

TWO MILLION FIVE HUNDRED THOUSAND DOLLARS
(or the total principal amount outstanding as reflected
by the Record of Payment of Advances attached hereto)

with interest on the unpaid balance of the total principal amount as hereinafter described. This bond shall not bear interest from the date hereof to and including October 14, 2020. Thereafter, the unpaid balance of the total principal amount shall bear interest at the rate of 0.50% per annum based upon a 360 day year and twelve consecutive 30 day months. The principal and interest shall be payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America.

Interest on the unpaid balance of the total principal amount shall be payable on April 15, 2021 and on each April 15 and October 15 thereafter. Principal shall be payable in installments

on April 15, 2021 and on each April 15 and October 15 thereafter until the unpaid principal is paid as follows:

<u>Date</u>	<u>Amount</u>
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(There will be inserted the schedule set forth in Section 3 of this Resolution.)

Payments of the principal and interest installments due hereon shall be made, except for final payment, without presentation and surrender of this bond, directly to the registered owner at his address shown on the bond registration book of the Issuer maintained by the Secretary of the Issuer as Bond Registrar, and such payments shall fully discharge the obligation of the Issuer to the extent of the payments so made.

This bond is issued for the purpose of providing temporary financing of the costs of the planning and design phase of extensions, betterments and improvements to the Issuer's water system, consisting of collection, holding, treatment and distribution facilities (the "System") and costs of authorizing and issuing this bond, and is issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), including particularly Title 25, Chapter 20, Subchapter 3 of the Arkansas Code of 1987 Annotated, and pursuant to Resolution No. 2018-04 of the Issuer, duly adopted and approved on the 10th day of May, 2018 (the "Authorizing Resolution"). Reference is hereby made to the Authorizing Resolution for the details of the nature and extent of the security and of the rights and obligations of the Issuer and the registered owner of this bond.

This bond may be assigned with the written approval of the Arkansas Natural Resources Commission ("Natural Resources"), and in order to effect such assignment the assignor shall promptly notify the Secretary of the Issuer by registered mail, and the assignee shall surrender this bond along with a written approval of Natural Resources to the Secretary of the Issuer for transfer on the registration records. Every assignee shall take this bond subject to all payments and prepayments of principal and interest (as reflected by the Payment Record maintained by the Secretary of the Issuer), prior to such surrender for transfer.

This bond may be prepaid at the option of the Issuer from funds from any source, in whole but not in part, at any time and at a prepayment price equal to the principal amount outstanding, plus accrued interest to the prepayment date. Notice shall be given of such prepayment to the owner of this bond or registered assigns at least 90 days prior to the prepayment date. Such notice shall be in writing mailed to the address of the owner of this bond or registered assigns at the address as reflected on the bond registration books of the Secretary of the Issuer.

This bond does not constitute an indebtedness of the Issuer within any constitutional or statutory limitation or provision and shall not constitute and indebtedness of, or pledge the faith and credit of, the State of Arkansas or the Cities of Little Rock and North Little Rock, Arkansas within the meaning of any constitutional provisions or limitations. This bond is a special obligation payable solely from the revenues derived from the operation of the System. In this regard, the pledge of Stabilized Net Revenues is on a parity with the pledge of Stabilized Net

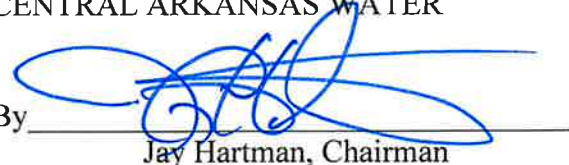
Revenues to the Parity Debt identified in the Authorizing Resolution. The pledge of Stabilized Net Revenues is subject to reduction to the extent and on and after the date set forth in the Authorizing Resolution. A sufficient amount of Stabilized Net Revenues to pay principal and interest has been duly set aside and pledged as a special fund for that purpose, identified as the "ADFA Bond Fund," in the Authorizing Resolution. The Issuer has fixed and has covenanted and agreed to maintain rates for use of the System which shall be sufficient at all times to at least provide for the payment of the reasonable expenses of operation and maintenance of the System, provide for the payment of the principal of and interest on all the outstanding bonds to which System revenues are pledged as the same become due, to establish and maintain any required debt service reserves and to provide a depreciation fund, all as set forth in the Authorizing Resolution.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State to exist, happen and be performed precedent to and in the issuance of this bond do exist, have happened and have been performed in regular and due time, form and manner as required by law; that this bond does not exceed any constitutional or statutory limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this bond, as provided in the Authorizing Resolution.

IN WITNESS WHEREOF, Central Arkansas Water has caused this bond to be executed in its name by its Chairman and Secretary, thereunto duly authorized, and its corporate seal to be affixed, all as of the 10th day of May, 2018.

CENTRAL ARKANSAS WATER

By



Jay Hartman, Chairman

ATTEST"



Kandi Hughes, Acting Secretary/Treasurer

(SEAL)

[A Registration Certificate and Record of Payment
of Advances shall be attached to the bond.]

Section 6. The Issuer has heretofore fixed water rates by Resolution No. 2012-07, adopted November 8, 2012, Resolution No. 2014-10, adopted November 13, 2014, Resolution No. 2015-15, adopted October 8, 2015, Resolution No. 2015-20, adopted December 10, 2015 and Resolution No. 2016-06, adopted February 11, 2016. Reference is hereby made to such Resolutions for the details thereof and other provisions pertaining thereto, which water rates are hereby confirmed and continued as provided therein. The rates in effect for water service at this time shall not be reduced without the prior written consent of Natural Resources and the Bondholder.

Section 7. (a) In order to assure full and continuous performance of the covenants contained herein with a margin for contingencies and temporary unanticipated reduction in Revenues, the Issuer covenants and agrees to establish, fix, prescribe, continue, and collect (directly or through leases, use agreements or other agreements, or licenses or resolutions) rates and charges for the sale of water furnished by the Issuer which, together with other income, are reasonably expected to yield available Revenues at least equal to the Rate Covenant Requirement for the forthcoming Fiscal Year. The term "Rate Covenant Requirement" shall mean: Stabilized Net Revenues at least equal to the sum of (A) 120% of the Debt Service for the forthcoming Fiscal Year for the bond and any Parity Debt and (B) 100% of the amounts, if any, required by the terms and conditions for any Parity Debt to be deposited into applicable debt service reserve funds for such Parity Debt during the forthcoming Fiscal Year.

(b) If the annual financial statements relating to Revenues disclose that during the period covered by such financial statements the Stabilized Net Revenues were not at least equal to the Rate Covenant Requirement, the Issuer shall not be in default under this Section if, (1) within 60 days after the date of delivery of such financial statements the Issuer obtains recommendations from a Water Consultant as to the revision of the rates, charges, and fees necessary to produce Stabilized Net Revenues at least equal to the Rate Covenant Requirement and (2) the Issuer, on the basis of such recommendations, revises the schedule of rates, charges, and fees insofar as is practicable and revises Operation and Maintenance Costs so as to produce Stabilized Net Revenues at least equal to the Rate Covenant Requirement.

(c) The Issuer has previously authorized, by the RSA Resolution, the creation of a separate fund of the Issuer designated as the Rate Stabilization Account in order to even out fluctuations in Revenues and help to alleviate the need for short-term adjustments. Moneys in the Rate Stabilization Account will be transferred as determined from time to time by the Issuer. The Issuer may make payments into the Rate Stabilization Account and make withdrawals from the Rate Stabilization Account as provided in the RSA Resolution and as provided in Section 19. For purposes of defining Stabilized Net Revenues, amounts deposited into the Rate Stabilization Account shall decrease Revenues for the Fiscal Year for which they are deposited, and amounts withdrawn from the Rate Stabilization Account shall increase Revenues for the Fiscal Year for which they are withdrawn. Credits to or withdrawals from the Rate Stabilization Account that occur within 90 days after the end of a Fiscal Year may be treated as occurring within such Fiscal Year. The Issuer shall transfer moneys held within the Rate Stabilization Account to the Revenue Fund at such time and in such amounts as may be necessary to pay Operation and Maintenance Costs and to provide Revenues to enable the Issuer to satisfy any of its obligations under this Resolution or as required by any Parity Debt or Subordinated Indebtedness.

(d) Until such time as the Issuer has issued debt secured by the Watershed Protection Fees, the Issuer may include the revenue generated by the Watershed Protection Fees when making the calculations required by this Section.

Section 8. Subject to the limitations of the Consolidation Agreement, the Issuer has, and will have so long as the bond is outstanding, good, right, and lawful power to own the System and to fix and collect rates, fees, and other charges in connection with the distribution and sale of potable water to its customers. No revenue producing facility or service of the System shall be leased, furnished, or supplied free, but shall always be leased, furnished, or

supplied so as to produce Revenues, provided that the Issuer reserves the right (a) to lease, furnish, or supply, free of charge, any such facility or service to the extent that such action does not materially adversely affect the Issuer's ability to perform the Issuer's obligations under this Resolution, and (b) to adjust the rates, fees, and charges of the System in a manner such that the anticipated aggregate Revenues resulting after the adjustments shall not materially differ from the Revenues anticipated prior to the adjustments.

Section 9. The Issuer will not create, or permit the creation of, any new pledge, lien, charge, or encumbrance upon the Stabilized Net Revenues after the date hereof except as provided in or permitted by this Resolution.

Section 10. Subject to the provisions of the Consolidation Agreement, so long as the bond is outstanding, except as otherwise provided herein, the Issuer will not sell, lease, or otherwise dispose of all or a substantial part of the System, provided, however, that, to the extent permitted by law, the Issuer may lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the System if such lease, contract, license, easement, or right does not impede or restrict the operation of the System by the Issuer. The Issuer may, however, from time to time, sell, exchange, or otherwise dispose of any machinery, fixtures, apparatus, tools, instruments, or other movable property or any real property acquired by it, if the Issuer shall determine that such property is no longer needed in connection with the operation and maintenance of the System and the proceeds of any such disposition shall be applied to the replacement of the property so sold or disposed of or the acquisition of property of equal or greater value or shall be deposited into the Revenue Fund.

Section 11. The Issuer will operate the System continuously in an efficient and economical manner, to the extent practicable under then existing conditions. The Issuer will at all times maintain, preserve, and keep the System in good repair, working order, and condition so that the operating efficiency thereof will be of high character. The Issuer will cause all necessary and proper repairs and replacements to be made so that the business carried on in connection with the System may be properly and advantageously conducted at all times in a manner consistent with prudent management and the so that rights and security of the owner of the bond may be fully protected and preserved.

Section 12. All Revenues shall be promptly deposited by the Issuer to the credit of the Revenue Fund, and the Long Term Debt Surcharge Revenues shall be deposited into the Long Term Debt Surcharge Revenue Account in the Revenue Fund.

Section 13. The Operation and Maintenance Costs shall be paid by the Issuer from time to time as they become due and payable as a first charge on the Revenue Fund.

Section 14. (a) After paying the Operation and Maintenance Costs as they become due, there shall be paid as a second charge on the Revenue Fund, from amounts on deposit in the Revenue Fund, into an account of the Issuer in a special fund to be created by the Bondholder and designated "Series 2018A" (the "ADFA Bond Fund") for the purpose of paying the principal of and interest on the bond the amounts specified in (b) below.

(b) There shall be deposited from moneys in the Revenue Fund, into the ADFA Bond Fund on April 15, 2021 and on each April 15 and October 15 thereafter until October 15, 2023, an amount equal to the principal and interest on of the bond then due.

(c) All moneys in the ADFA Bond Fund shall be used solely for the purpose of paying the principal of and interest on the bond and the Issuer shall automatically receive a credit for the amount of such Issuer Funds on hand in the ADFA Bond Fund and available for the payment of any principal and interest currently due on an interest or principal payment date irrespective of whether the Bondholder has applied or caused to be applied such funds on that date for such purpose.

(d) The bond shall be specifically secured by a pledge of all Stabilized Net Revenues required to be placed into the ADFA Bond Fund. This pledge in favor of the bond is hereby irrevocably made according to the terms of this Resolution, and the Issuer and its officers and employees shall execute, perform and carry out the terms thereof in strict conformity with the provisions of this Resolution.

(e) Also as a second charge on the Revenue Fund, there shall be paid from amounts on deposit in the Revenue Fund the amounts required to be paid monthly into the bond funds established for any Parity Debt.

(f) If there are not sufficient moneys to satisfy the requirements of this Section 14 with respect the bond and all Parity Debt, all moneys available for distribution among such Parity Debt and the bond shall be distributed on a pro rata basis to the deficient bond funds; such distribution to be determined by multiplying the amount available for distribution by the proportion that the deficiency for each bond series bears to the total deficiency for all bond series.

Section 15. As a third charge on the Revenue Fund, there shall be paid monthly from moneys in the Revenue Fund into the debt service reserve funds established for the benefit of any Parity Debt, in the event that there are draws from the debt service reserve funds established for the benefit of any Parity Debt to pay principal of or interest on any outstanding Parity Debt, the amount, if any, required to restore the balance in the debt service reserve funds established for the benefit of Parity Debt in 12 consecutive monthly payments to the reserve requirements established with respect to Parity Debt, as applicable; provided that if there are not sufficient moneys to satisfy the requirements of this subsection with respect to all series of Parity Debt bond issues, all moneys available for distribution among such series of Parity Debt bonds shall be distributed on a pro rata basis to the deficient debt service reserve accounts by the proportion that the deficiency for each series of bond issues bears to the total deficiency for all such accounts.

Section 16. There shall be paid monthly as a fourth charge on the Revenue Fund from moneys in the Revenue Fund the Financing Fee and all other financing fees in connection with Parity Debt, to the Authority. The Financing Fee shall be payable on each date interest on the bond is due and shall be calculated on the same basis as interest on the bond. The Financing Fee shall not commence to accrue until October 15, 2020. The payment of the Financing Fee is

expressly made subordinate to the payment of the principal of and interest on the bond and the Parity Debt.

Section 17. As a fifth charge on the Revenue Fund, but only to the extent of moneys available in the Long Term Debt Surcharge Account in the Revenue Fund, the various deposits and transfers required by the indenture securing the Series 2016 Maumelle Bonds, including deposits and transfers to the bond fund and debt service reserve fund established for the benefit of the Series 2016 Maumelle Bonds. From and after the Stabilized Net Revenues Adjustment Date, moneys in the Long-Term Debt Surcharge Account (i) shall only be used to make deposits and transfers to the bond fund and debt service reserve fund established for the benefit of the Series 2016 Maumelle Bonds and (ii) shall no longer be subject to the lien and pledge securing the bond.

Section 18. As a sixth charge on the Revenue Fund, there shall be paid monthly from moneys in the Revenue Fund into the Depreciation Fund, an amount calculated as follows: a flat three percent (3%) of water consumption-based revenues and private fire service revenues (including wholesale revenues). The Depreciation Fund shall be used for replacements and repairs to the System.

Section 19. Moneys in the Revenue Fund in excess of the amounts required to be transferred monthly pursuant to Sections 13 through 18 of this Resolution may be utilized by the Issuer for any lawful System purpose, including deposits to the Rate Stabilization Account pursuant to Section 7. Money in the Rate Stabilization Account shall be used as provided in the RSA Resolution.

Section 20. The Issuer shall assure that (i) not in excess of 10% of the proceeds of the bond is used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the bond during the term thereof is, under the terms of the bond or any underlying arrangement, directly or indirectly secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed moneys used or to be used for a Private Business Use; and (ii) that, in the event that both (A) in excess of 5% of the proceeds of the bond are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the bond during the term thereof is, under the terms of the bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of proceeds of the bond used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Improvements.

The Issuer shall assure that not in excess of 5% of the proceeds of the bond are used, directly or indirectly, to make or finance a loan to persons other than state or local governmental units.

As used in this Section, "Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

The Issuer covenants that it will not enter into any wholesale water contracts with non-governmental entities or modify existing wholesale water contracts with non-governmental entities if such contracts or modifications of existing contracts will cause a violation of this Section.

Section 21. The principal and interest installments shall be prepayable prior to maturity as provided in the bond form in Section 5 hereof.

Section 22. (a) As long as the bond is outstanding, the Issuer shall not issue or attempt to issue any bonds having or claimed to be entitled to a priority of lien on Revenues or Stabilized Net Revenues over the lien securing the bond.

(b) The Issuer may issue additional revenue bonds on a parity with the lien on Stabilized Net Revenues in favor of the bond provided that either there is no event of default with respect to the bond or any outstanding Parity Debt; and either

(1) The average annual Stabilized Net Revenues for the immediately preceding two calendar years exceed an amount equal to not less than the sum of (i) 120% of the average annual debt service of the bond and the outstanding Parity Debt, and (ii) the maximum annual debt service on the proposed Parity Debt. Until such time as the Issuer has issued debt secured by the Watershed Protection Fees, the Issuer may include the revenue generated by the Watershed Protection Fees when computing Stabilized Net Revenues under this Section; or

(2) The additional revenue bonds are being issued to refund any outstanding Parity Debt if the refunded Parity Debt is defeased on the date of delivery of the refunding Parity Debt and if the annual debt service of the refunding Parity Debt does not exceed the annual Debt Service of the Parity Debt in any Fiscal Year by more than \$5,000; or

(3) The additional revenue bonds constitute Short-Term Indebtedness and if immediately after incurrence of such Short-Term Indebtedness the outstanding principal amount of all Short-Term Indebtedness does not exceed 10% of budgeted net Revenues (Revenues less Operation and Maintenance Costs) of the System as shown on the annual budget for the current Fiscal Year.

(c) From and after the Stabilized Net Revenues Adjustment Date, the Issuer may issue or incur Special Debt Retirement Charge Indebtedness that is not Subordinate Indebtedness on the date issued or incurred.

(d) (1) The Issuer may issue Special Purpose Bonds for the purpose of financing or refinancing the cost of (i) Special Purpose Facilities in accordance with subsection (d)(2) or (ii) those matters that may be funded by the Watershed Protection Fee in accordance with subsection (d)(3).

(2) The Special Purpose Bonds referred to in this subsection shall be payable as to principal, redemption premium, if any, and interest solely from rentals or other charges derived by the Issuer under and pursuant to a lease or leases relating to the Special Purpose Facilities entered into by and between the Issuer, as lessor, and such person, firm, or corporation, either public or private, as shall lease the Special Purpose Facilities from the Issuer. Before any Special Purpose Facilities shall be constructed or acquired by the Issuer under this subsection, the Issuer shall adopt a resolution describing in reasonable detail the Special Purpose Facilities to be constructed or acquired by the Issuer, authorizing the issuance of the Special Purpose Bonds to finance the cost of construction or acquisition of such Special Purpose Facilities and prescribing the rights, duties, remedies, and obligations of the Issuer and the holders, from time to time, of such Special Purpose Bonds. In addition, no such Special Purpose Bonds shall be issued by the Issuer to finance Special Purpose Facilities unless:

(A) there shall have been filed with the Issuer a Water Consultant's Certificate stating that:

(i) the estimated rentals or other charges to be derived by the Issuer under and pursuant to the lease or other agreement relating to the Special Purpose Facilities will be at least sufficient to pay the principal of and interest on such Special Purpose Bonds as and when the same become due and payable, all costs of operating and maintaining such Special Purpose Facilities not paid for by the lessee thereof, and all sinking fund, reserve, or other payments required by the resolution authorizing the Special Purpose Bonds as the same become due; and

(ii) the acquisition or construction and operation of such Special Purpose Facilities will not adversely affect the ability of the System to produce Stabilized Net Revenues at least equal to the Rate Covenant Requirement; and

(B) the Issuer has entered into a lease which shall be for a term at least as long as the period during which such Special Purpose Bonds are outstanding and unpaid and which shall provide for annual payments to the Issuer, in addition to all rentals and other charges for the use of the Special Purpose Facilities, of ground rent in an amount which is determined by the Issuer to be a fair and reasonable rental for the land on which said Special Purpose Facilities are situated.

(3) The Special Purpose Bonds referred to in this subsection shall be payable as to principal, redemption premium, if any, and interest solely from Watershed Protection Fees. No such Special Purpose Bonds shall be issued by the Issuer to finance projects that may be funded by the Watershed Protection Fee unless there shall have been filed with the Issuer a Water Consultant's Certificate stating that the Watershed Protection Fees to be derived by the Issuer on an annual basis will be at least sufficient to pay the principal of and interest on such Special Purpose Bonds as and when the same become due and payable, and all sinking fund, reserve, or other payments required by the resolution authorizing the Special Purpose Bonds as the same become due.

(4) In the event the Issuer desires to issue Special Purpose Bonds secured by the revenue streams referred to in both subsections (d)(2) and (3), the Issuer shall comply with the requirements of both subsections (d)(2) and (3).

- (e) The Issuer may issue Subordinate Indebtedness without limit as to amount.

Section 23. It is covenanted and agreed by the Issuer with the Bondholder, the Authority and Natural Resources that it will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State and by this Resolution, including, without limitation, the making and collecting of reasonable and sufficient rates lawfully established for services rendered by the System, segregating Revenues and applying them to the respective funds maintained pursuant to the this Resolution.

The Issuer covenants and agrees that the Bondholder shall have the protection of all the provisions of the Authorizing Legislation, and that the Issuer will diligently proceed to enforce those provisions to the end of the Bondholder realizing fully upon its security. And, if the Issuer shall fail to proceed within 30 days after written request shall have been filed by the Bondholder, the Bondholder may proceed to enforce all such provisions.

If there be any default in the payment of the principal of or interest on the bond, or if the Issuer defaults in any ADFA Bond Fund requirement or in the performance of any of the other covenants contained in this Resolution, the Bondholder may, by proper suit, compel the performance of the duties of the officials of the Issuer under the laws of the State. In the case of a default in the payment of the principal of and interest on the bond, the Bondholder may apply in a proper action to a court of competent jurisdiction for the appointment of a receiver to administer the System on behalf of the Issuer and the Bondholder with power to charge and collect (or by mandatory injunction or otherwise to cause to be charged and collected) rates sufficient to provide for the payment of the expenses of operation, repair and maintenance and to pay the bond and interest outstanding and to apply Revenues in conformity with this Resolution. When all defaults in principal and interest payments have been cured, the custody and operation of the System shall revert to the Issuer. No remedy herein conferred upon or reserved to the Bondholder is intended to be exclusive of any other remedy or remedies herein provided or provided by law, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or given by law. No delay or omission of the Bondholder to exercise any right or power accrued upon any default shall impair any such right or power or shall be construed to be a waiver of any default or an acquiescence therein; and every power and remedy given by this Resolution to the Bondholder may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon. Any costs of enforcement of the bond or of any provision of this Resolution, including reasonable attorney's fees, shall be paid by the Issuer. The Authority may enforce all rights and exercise all remedies available to the Bondholder in the event the Financing Fee is not paid when due.

Nothing herein contained shall permit the levy of any attachment or execution upon any of the properties of the Issuer, nor shall any properties of the Issuer be subject to forfeiture by reason of any default hereunder, it being expressly understood and agreed by the Bondholder by the acceptance of the bond that the rights of the Bondholder are limited and restricted to the use and application of Revenues, funds and other moneys, securities and funds pledged under this Resolution.

Section 24. When the bond has been executed and sealed as herein provided, it shall be delivered to the Bondholder upon payment of all or a portion of the purchase price in accordance with the Agreement. The sale proceeds shall be deposited, as and when received, in a special account of the Issuer hereby created in a bank that is a member of the Federal Deposit Insurance Corporation and designated the “2018A Water Construction Fund” (the “Construction Fund”). The moneys in the Construction Fund shall be used for reimbursing the Issuer for the costs paid in planning and designing the Improvements, expenses incidental thereto and the expenses of issuing the bond approved in accordance with the Agreement. Payments from the Construction Fund shall be by check or voucher signed by a person designated by the Issuer, and drawn on the depository. Each such check or voucher shall briefly specify the purpose of the expenditure.

Section 25. The terms of this Resolution shall constitute a contract among the Issuer, the Bondholder and Natural Resources and no variation or change in the undertaking herein set forth shall be made while the bond is outstanding unless consented to in writing by the Bondholder and Natural Resources.

Section 26. The Issuer agrees that it will keep proper records, books and accounts relating to the operation of the System, which shall be kept separate from all other records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the operation of the System in accordance with generally accepted government accounting standards. Such books shall be available for inspection by the Bondholder and Natural Resources, or the agent or the representative of either, at reasonable times and under reasonable circumstances. The Issuer agrees to have its financial statements audited annually by an independent certified public accountant or the Legislative Joint Auditing Committee, Division of Legislative Audit of the State of Arkansas. The Issuer shall within 180 days after the end of each Fiscal Year file with the Authority and Natural Resources its annual audited financial statements. If the Issuer's audited financial statements are not available by such date, the Issuer shall file such audited financial statements with the Authority and Natural Resources within 60 days after receipt thereof by the Issuer.

Section 27. The Issuer covenants and agrees that it will maintain the System in good condition and operate it in an efficient manner and at reasonable cost. The Issuer agrees that, to the extent comparable protection is not otherwise provided to the satisfaction of the Bondholder and Natural Resources, it will insure, and at all times keep insured in a responsible insurance company or companies selected by the Issuer and authorized and qualified under the laws of the State to assume the risk thereof, all above-ground structures of the System against loss or damage thereto in amounts and against such risks as are customarily insured against in connection with similar facilities and undertakings as the System. In the event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction, replacement or repair of the System, and in such event the Issuer will, with reasonable promptness, cause to be commenced and completed the reconstruction, replacement and repair work.

Section 28. The provisions of this Resolution are hereby declared to be separable, and if any provision shall for any reason be held illegal or invalid, it shall not affect the validity of the remainder of this Resolution.

Section 29. Reference in this Resolution to “Bondholder” shall include the original Bondholder or any registered assign thereof.

Section 30. All resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

PASSED: May 10, 2018.

APPROVED:



Jay Hartman, Chairman

ATTEST:



Kandi Hughes, Acting Secretary/Treasurer

(SEAL)

CERTIFICATE

The undersigned, Secretary of Central Arkansas Water, hereby certifies that the foregoing pages are a true and perfect copy of Resolution No. 2018-04, adopted at a regular session of the Board of Commissioners of Central Arkansas Water, held at the regular meeting place in the City of Little Rock, Arkansas at 2:00 o'clock p.m., on the 10th day of May, 2018.

GIVEN under my hand and seal on this 10th day of May, 2018.



Kandi Hughes, Acting Secretary/Treasurer

(SEAL)

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

June 21, 2018

The Board of Commissioners of Central Arkansas Water (CAW) convened in a regular meeting at 2:00 p.m. on Thursday, June 21, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue, Little Rock, Arkansas.

Present:

Mr. Jay Hartman, Chair
Ms. Carmen Smith, Vice Chair
Ms. Kandi Hughes, Acting Secretary/Treasurer
Mr. Jim McKenzie, Commissioner
Mr. Eddie Powell, Commissioner
Mr. Anthony Kendall, Commissioner

Telephonic:

Dr. Roby Robertson, Commissioner

CAW Staff in Attendance:

Mr. Tad Bohannon, Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. David Johnson, General Counsel
Mr. Jeff Mascagni, Chief Financial Officer
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Dale Kimbrow, Manager of Planning, Regionalism, and Future Water Source
Mr. Allen Vincent, Director of Information Services
Mr. Danny Dunn, Assistant Director of Distribution
Mr. Randy Easley, Director of Water Quality
Mr. Sam Zehtaban, Director of Water Production
Mr. Todd Fisher, Finance Manager
Ms. Samantha Williams-Davis, Communications Specialist and Brand Manager
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Mr. Jordan Johnson, JPJ Consulting, LLC
Ms. Chelsea Boozer Odle, AR Democrat-Gazette
Ms. Rachel Herzog, AR Democrat-Gazette
Mr. Doug Wilson, Insurance Center, Inc.
Mr. Bill Halter, Scenic Hill Solar
Ms. Carrie Kyhl, Scenic Hill Solar
Mr. Graham Rich, ReWa
Mr. Joel Jones, ReWa
Ms. Mary Beth Lampe, ReWa
Ms. Bertha Enriquez, ReWa

Mr. Toby Humphries, ReWa
Mr. Brian Smith, ReWa
Mr. Dan Johnson, ReWa
Ms. Ruth Bell, League of Women Voters of Pulaski County
Ms. Kathleen Olsen, League of Women Voters of Pulaski County
Mr. Carolyn Sherman, Friends of the Ouachita Trail
Mr. Charles Mullins, Friends of Fourche Creek
Mr. Jim Lindsey, Citizen
Mr. Barry Haas, Citizen

CALL MEETING TO ORDER

Chair Hartman called the meeting to order at 2:00 p.m.

INTRODUCTION OF GUESTS

Mr. Bohannon welcomed Graham Rich and management staff from Renewable Water Resources (ReWa).

APPROVAL OF BOARD MINUTES

Upon a motion duly made by Commissioner Hughes and seconded by Commissioner McKenzie, the minutes of the May 10, 2018, Regular Meeting were unanimously approved.

OLD BUSINESS

Approve Lake DeGray Water Storage Agreement

Mr. Bohannon requested Board approval to sign the Lake DeGray water storage agreement which he anticipates will be finalized before the next Board Meeting, and authorization to make the first principal and interest payment of approximately \$970,147.

Upon a motion duly made by Commissioner McKenzie and seconded by Commissioner Powell, after due consideration and discussion, the approval to sign the Lake DeGray water storage agreement and authorization to make the first principal and interest payment was unanimously approved.

NEW BUSINESS

Resolution to Establish a Methodology to Recover the Capital Costs of Installing Public Water Mains

Mr. Bohannon requested Board approval of a Resolution to establish a methodology to recover the capital costs of installing public water mains in lieu of permitting installation of private service lines.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Hughes, after due consideration and discussion, the Resolution was approved, as presented, on a 6-1 vote. Those Commissioners voting aye were: Chair Hartman, Commissioners Smith, Hughes, Robertson, McKenzie, and Powell. Commissioner Kendall voted nay.

Resolution Authorizing Purchase of Property in Lake Maumelle Watershed

Mr. Bohannon requested Board approval of a Resolution authorizing the purchase of 386.3 acres located in the Lake Maumelle Watershed, for a purchase price of \$3,631,220 (\$9,400 per acre).

Upon a motion duly made by Commissioner Smith and seconded by Commissioner Kendall, after due consideration and discussion, the Resolution was unanimously approved.

Update on Cityworks

Mr. Dunn updated the Board on the benefits of the recent CityWorks software upgrade. CityWorks is the Computerized Maintenance Management System (CMMS) used by the Distribution Department.

CONTRACTS/PURCHASES

Upon a motion duly made by Commissioner Hughes and seconded by Commissioner Powell, after due consideration and discussion, the final year of a three-year contract for business insurance coverage with the Insurance Center, Inc. at a premium of \$363,844 was unanimously approved.

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Powell, after due consideration and discussion, a construction contract with On-Line Construction, Inc. in the amount of \$222,270 to provide adequate capacity and reduce suction pressure loss to the Manitou Booster Pump Station during periods of high flow was unanimously approved.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner McKenzie, after due consideration and discussion, a construction contract with J.R. Fox Company in the amount of \$657,063 to replace approximately 4,000 linear feet of water mains identified as being very problematic and high maintenance in the Pulaski Heights area of Little Rock was unanimously approved.

Upon a motion duly made by Commissioner Smith and seconded by Commissioner Hughes, after due consideration and discussion, the equipment purchase to upgrade CAW's storage area network (SANS) and server hardware with Alexander Open Systems, Inc. in the amount of \$196,818.51 was unanimously approved.

DEPARTMENT UPDATES

Water Quality

Mr. Easley provided an update on matters pertaining to the watershed.

Finance

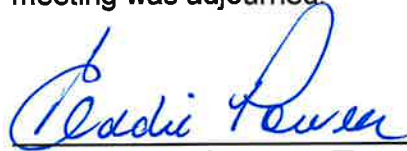
Mr. Mascagni provided a year-to-date financial update on utility operations.

BOARD BRIEFING

Mr. Bohannon provided an update on several matters to the Board.

ADJOURNMENT

Upon a motion duly made by Commissioner Smith and seconded by Commissioner Powell, the meeting was adjourned.



Eddie Powell, Secretary/Treasurer

RESOLUTION 2018-05

A RESOLUTION TO ESTABLISH A METHODOLOGY TO RECOVER THE CAPITAL COSTS OF INSTALLING PUBLIC WATER MAINS IN LIEU OF PERMITTING INSTALLATION OF A PRIVATE SERVICE LINE; AND FOR OTHER PURPOSES

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

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

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

WHEREAS, the Board of Commissioners finds that the Capital Recovery Fees authorized herein are needed to recover a reasonable portion of the cost of expanding the existing System while reasonably and equitably serving System customers.

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

Section 1. Resolution 2002-03 as amended by Resolution 2002-04 is amended by striking the language of Subsection 5(c) in its entirety and replacing it with the following language:

Real estate developers/landowners applying for water service are required to participate in or pay the entire cost of installing mains and facilities required to serve their premises. In the event, however, that a residential parcel does not have access to a water main in Central Arkansas Water's service area and provided that Central Arkansas Water reasonably determines that installation of a new main or facility to serve such residential parcel and other existing, anticipated, or existing and anticipated parcels would improve Central Arkansas Water's long-term operations over service of such residential parcel by installation of a private service line, Central Arkansas Water may construct a water main upon the payment of or a commitment to pay a Capital Recovery Fee by the customer of each account who is requesting construction of the water main. The Capital Recovery Fee shall be calculated as follows: Total cost of the new water main and related appurtenances divided by the number of potential properties as reasonably determined by Central Arkansas Water served by the new water main including accounts currently served by private service lines. At the election of the customer, payment of the Capital Recovery Fee shall be made either by: (i) payment of the Capital Recovery Fee in full prior to Central Arkansas Water's entry into a contract for installation of the new water main; (ii) payment of the Capital Recovery Fee in full prior to the point in time that Central Arkansas Water begins construction of such water main; or (iii) payment of the Capital Recovery Fee in either six (6) or twelve (12) equal monthly installments. If the customer elects to pay over a six (6) month period, the Capital Recovery Fee shall be increased by Two Hundred and Fifty Dollars (\$250.00) to process the billing arrangement plus three percent (3%) of the Capital Recovery Fee, and then divided into six (6) equal monthly installments, with the first of such payments due when the customer request connection to the installed water main. If the customer elects to pay over a twelve (12) month period, the Capital Recovery Fee shall be increased by Two Hundred and Fifty Dollars (\$250.00) to process the billing arrangement plus six percent (6%) of the Capital Recovery Fee and then divided into twelve (12) equal monthly installments, with the first of such payments due when the customer request connection to the installed water main. When a customer elects to pay the Capital Recovery Fee over time, the monthly installments of the Capital Recovery Fee (as calculated in accordance with this Section and the preceding Section), other than the initial payment, may be included on the customer's monthly water bill, or billed separately, at CAW's discretion. CAW may terminate water service for failure to make timely payment of the Capital Recovery Fee.

Section 2. This Resolution shall be in effect upon its adoption and approval.

Section 3. A copy of this Resolution shall be filed in the administrative offices of CAW, where it will be available for public inspection.

ADOPTED: [June 21, 2018]

Attest:

APPROVED:



Kandi Hughes, Acting Secretary/Treasurer



Jay Hartman, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Kandi Hughes, Acting Secretary of the Board of Commissioners, Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-05 of the Resolutions of Central Arkansas Water, entitled: **A RESOLUTION TO ESTABLISH A METHODOLOGY TO RECOVER THE CAPITAL COSTS OF INSTALLING PUBLIC WATER MAINS IN LIEU OF PERMITTING INSTALLATION OF A PRIVATE SERVICE LINE; AND FOR OTHER PURPOSES**, adopted June 21, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of June 2018.



Kandi Hughes, Acting Secretary/Treasurer
Central Arkansas Water Board of Commissioners

RESOLUTION 2018-06

A RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY IN THE LAKE MAUMELLE WATERSHED; AND FOR OTHER PURPOSES.

WHEREAS, in June 2018, Central Arkansas Water ("CAW") entered into a contract of sale (the "Agreement") for the purchase of approximately THREE HUNDRED EIGHTY-SIX and 30/100 (386.3) ACRES of real property in the Lake Maumelle Watershed (the "Property") from PotlatchDeltic Timber, LLC (the "Seller") for the purchase price of THREE MILLION SIX HUNDRED THIRTY-ONE THOUSAND TWO HUNDRED TWENTY and 00/100 DOLLARS (\$3,631,220.00) (the "Purchase Price"); and

WHEREAS, the Agreement is subject to approval of the Board of Commissioners of Central Arkansas Water (the "Commission"); and

WHEREAS, the Commission, based upon the recommendations of staff, has determined that it is in the best interest of CAW and its ratepayers to acquire the Property for the Purchase Price to protect the water quality of Lake Maumelle.

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

Section 1. The Agreement and the purchase of the Property upon and in accordance with the terms of the Agreement are hereby approved, and the actions of the Chief Executive Officer in executing the Agreement are hereby ratified in full.

Section 2. Each of the Chief Executive Officer, the Chief Operating Officer, and the Chief Financial Officer is hereby authorized and directed, as necessary or required, to deliver the Purchase Price and to execute and acknowledge documents as necessary to complete the purchase of the Property in accordance with the terms of the Agreement.

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

Section 4. A copy of this Resolution shall be filed in the administrative offices of CAW, where it will be available for public inspection.

ADOPTED: [June 21, 2018]

Attest:



Kandi Hughes, Acting Secretary/Treasurer

APPROVED:



Jay Hartman, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Kandi Hughes, Acting Secretary of the Board of Commissioners, Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-06 of the Resolutions of Central Arkansas Water, entitled: **A RESOLUTION AUTHORIZING PURCHASE OF REAL PROPERTY IN THE LAKE MAUMELLE WATERSHED; AND OTHER MATTERS RELATED THERETO**, adopted June 21, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of June 2018.



Kandi Hughes, Acting Secretary/Treasurer
Central Arkansas Water Board of Commissioners

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

July 12, 2018

The Board of Commissioners of Central Arkansas Water (CAW) convened in a regular meeting at 2:00 p.m. on Thursday, July 12, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue, Little Rock, Arkansas.

Present:

Ms. Carmen Smith, Chair
Ms. Kandi Hughes, Vice Chair
Mr. Eddie Powell, Secretary/Treasurer
Mr. Jim McKenzie, Commissioner
Mr. Anthony Kendall, Commissioner
Dr. Roby Robertson, Commissioner
Mr. Jay Hartman, Commissioner

CAW Staff in Attendance:

Mr. Thad Luther, P.E., Chief Operating Officer
Mr. David Johnson, General Counsel
Ms. Becky Linker, Chief Administrative Officer
Mr. Jeff Mascagni, Chief Financial Officer
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Allen Vincent, Director of Information Services
Mr. Blake Weindorf, Director of Distribution
Mr. Randy Easley, Director of Water Quality
Mr. Sam Zehtaban, Director of Water Production
Mr. Vince Guillett, GIS Manager
Mr. Terry Frazier, Customer Service Assistant Supervisor-Office
Mr. Todd Fisher, Finance Manager
Mr. Leo O'Bannion, General Accountant
Ms. Lisa Luyet, Database Coordinator
Mr. Alex Harper, Database Coordinator
Mr. Doug Shackelford, Director of Public Affairs and Communications
Ms. Samantha Williams-Davis, Communications Specialist and Brand Manager
Ms. Chelsea Odle, Media Specialist
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Ms. Kayleigh Dulaney, Wright, Lindsey & Jennings LLP
Mr. Robbi Rosenbaum, Wright, Lindsey & Jennings LLP
Mr. Jon Nichols, Wright, Lindsey & Jennings LLP
Ms. Rachel Herzog, AR Democrat-Gazette
Ms. Kathleen Olsen, League of Women Voters of Pulaski County
Mr. Jim Lindsey, Citizen

CALL MEETING TO ORDER

Chair Smith called the meeting to order at 2:00 p.m.

RECOGNITION OF PAST CHAIR

Chair Smith presented a plaque to Commissioner Hartman, Past Chair, commending him for his service as Chair during the 2017-2018 term. Chair Smith said that Mr. Hartman had provided outstanding leadership to CAW during his term as Chair.

APPROVAL OF BOARD MINUTES

Upon a motion duly made by Commissioner Hartman and seconded by Commissioner Robertson, the minutes of the June 21, 2018, Regular Meeting were unanimously approved.

OLD BUSINESS

Update on the Status of the Customer Information System (CIS) Replacement Project

Mr. Mascagni, Mr. Guillett, and Mr. Frazier briefly updated the Board on the current status of the CIS Replacement Project. Information on the scoring criteria and the review process that led to the Team's recommendation to select the vendor Cayenta, were presented.

CONTRACTS/PURCHASES

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner McKenzie, after due consideration and discussion, a contract with Maguire Iron, Inc. in the amount of \$1,098,000 to install a new aluminum dome roof and apply interior and exterior paint on Tank 30A in Maumelle was unanimously approved.

DEPARTMENT UPDATES

Finance

Mr. Mascagni provided a year-to-date financial update on utility operations.

BOARD BRIEFING

Mr. Luther provided an update on several matters to the Board.

ADJOURNMENT

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Robertson, the meeting was adjourned.


Eddie Powell, Secretary/Treasurer

**CENTRAL ARKANSAS WATER
MINUTES OF PUBLIC HEARING
REGARDING ISSUANCE OF
SERIES 2018A BONDS**

August 16, 2018

The meeting was called to order by Jeff Mascagni, Chief Financial Officer, Central Arkansas Water, who presided at the meeting. He stated that a public hearing was scheduled to be held at 10:00 a.m. at the James T. Harvey Administration Building of Central Arkansas Water located at 221 East Capitol Avenue in Little Rock, Arkansas. The public hearing was held to hear comments on the question of Central Arkansas Water issuing Series 2018A Bonds for the purpose of financing the costs to acquire certain real property in the Lake Maumelle Watershed.


Mr. Mascagni stated that notice of a public hearing had been given by publication at least 10 days prior to the date hereof in a newspaper of general circulation in the cities of Little Rock and North Little Rock, Arkansas. He observed that the time for the public hearing had arrived and declared the public hearing to be open.

Mr. Mascagni then addressed those in attendance and asked for questions or comments. There were no comments or questions.

After allowing time for comments and questions, Mr. Mascagni declared the public hearing closed.

CERTIFICATE

The undersigned, Secretary/Treasurer of Central Arkansas Water, hereby certifies that the foregoing is a true and perfect written record of a public hearing held at 10:00 a.m. on the 16th day of August, 2018, which now appears in the records of the Central Arkansas Water in Little Rock, Arkansas.


Eddie Powell, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

August 16, 2018

The Board of Commissioners of Central Arkansas Water (CAW) convened in a regular meeting at 2:00 p.m. on Thursday, August 16, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue, Little Rock, Arkansas.

Present:

Ms. Carmen Smith, Chair
Ms. Kandi Hughes, Vice Chair
Mr. Eddie Powell, Secretary/Treasurer
Mr. Jim McKenzie, Commissioner
Mr. Anthony Kendall, Commissioner
Dr. Roby Robertson, Commissioner
Mr. Jay Hartman, Commissioner

CAW Staff in Attendance:

Mr. Tad Bohannon, Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. David Johnson, General Counsel
Mr. Jeff Mascagni, Chief Financial Officer
Mr. Jeremy Sparks, Chief Innovation Officer
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Dale Kimbrow, Manager of Planning, Regionalism, and Future Water Source
Mr. Allen Vincent, Director of Information Services
Mr. Blake Weindorf, Director of Distribution
Mr. Sam Zehtaban, Director of Water Production
Mr. Vince Guillett, GIS Manager
Mr. Todd Fisher, Finance Manager
Mr. Leo O'Bannion, General Accountant
Mr. Doug Shackelford, Director of Public Affairs and Communications
Ms. Samantha Williams-Davis, Communications Specialist and Brand Manager
Ms. Chelsea Odle, Media Specialist
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Mr. Jack Truemper, Senior Vice President, Stephens, Inc.
Ms. Kayleigh Dulaney, Wright, Lindsey & Jennings LLP
Mr. John Tisdale, Wright, Lindsey & Jennings LLP
Mr. Barry Dunphy, Executive Vice President, Cayenta
Mr. Jeremy Schultz, Director Sales and Marketing, Cayenta
Ms. Lynne Powers, EMA, Inc.
Mr. Bill Rivers, EMA, Inc.
Mr. Bill Halter, Scenic Hill Solar
Ms. Carrie Kyhl, Scenic Hill Solar
Ms. Kathleen Olsen, League of Women Voters of Pulaski County

Mr. Jim Lindsey, Citizen
Mr. Barry Haas, Citizen

CALL MEETING TO ORDER

Chair Smith called the meeting to order at 2:00 p.m.

EMPLOYEE RECOGNITION

Mr. Mascagni recognized Leo O'Bannon, General Accountant, for successfully completing the CPA exam.

APPROVAL OF BOARD MINUTES

Upon a motion duly made by Commissioner Robertson and seconded by Commissioner Powell, the minutes of the July 12, 2018, Regular Meeting were unanimously approved.

NEW BUSINESS

Resolution Authorizing the Issuance and Sale of Water Revenue Bonds, Series 2018A for Land Purchase

Mr. Mascagni requested Board approval of a Resolution authorizing the issuance and sale of up to \$3,500,000 Central Arkansas Water Revenue Bonds, Series 2018A, for the purpose of financing the costs to acquire certain real property in the Lake Maumelle Watershed.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Hughes, after due consideration and discussion, the Resolution was unanimously approved.

Resolution of Intent to Issue Bonds for the Purpose of Funding Capital Improvements including, but not limited to, CAW's Water Distribution System and Water Treatment Facilities, and Acquisition of Land, Equipment and Software

Mr. Mascagni requested Board approval of a Resolution of intent to issue up to \$20,000,000 in revenue bonds. Bond proceeds will be used to fund the CIS project, acquisition of land in the Lake Maumelle Watershed, the I-30 Bridge Transmission Main, and other pipeline improvements.

Upon a motion duly made by Commissioner McKenzie and seconded by Commissioner Hughes, after due consideration and discussion, the Resolution was unanimously approved.

CONTRACTS/PURCHASES

Upon a motion duly made by Commissioner Hartman and seconded by Commissioner McKenzie, after due consideration and discussion, a contract with Cayenta for the following agreements in the amount of \$5,132,418 was unanimously approved.

Software License Agreement	\$	981,000
Professional Services Agreement		3,826,830
Support and Maintenance Agreement		256,188
Managed Services Agreement		68,400
Total	\$	5,132,418

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Hughes, after due consideration and discussion, a contract with EMA in the amount of \$1,391,040 for CIS project implementation support was unanimously approved.

Upon a motion duly made by Commissioner Hughes and seconded by Commissioner Powell, after due consideration and discussion, a payment to Alexander Open Systems, Inc. in the amount of \$157,625.57 for additional SAN arrays, server enclosures, and other IT infrastructure to support the Cayenta CIS implementation was unanimously approved.

Upon a motion duly made by Commissioner McKenzie and seconded by Commissioner Robertson, after due consideration and discussion, a construction contract with D & J Red Iron and Aggregates in the amount of \$124,893.32 to make certain repairs on the dry side of the Lake Maumelle Dam was unanimously approved.

Upon a motion duly made by Commissioner McKenzie and seconded by Commissioner Kendall, after due consideration and discussion, approval of a Relocation Master Agreement for I-30 improvements with Arkansas Department of Transportation, and approval of an individual Task Order to install a replacement 24-inch transmission main on the new I-30 Bridge in the amount of \$2,682,369.66 was unanimously approved.

DEPARTMENT UPDATES

Finance

Mr. Mascagni provided a year-to-date financial update on utility operations and recognized CAW's Finance Department for receiving the Government Finance Officers Association – Certificate of Achievement for Excellence in Financial Reporting for the ninth consecutive year. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting.

BOARD BRIEFING

Mr. Bohannon provided an update on several matters to the Board.

ADJOURNMENT

Upon a motion duly made by Commissioner Robertson and seconded by Commissioner McKenzie, the meeting was adjourned.



Eddie Powell, Secretary/Treasurer

RESOLUTION NO. 2018-07

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$3,500,000 CENTRAL ARKANSAS WATER REVENUE BONDS, SERIES 2018A, FOR THE PURPOSES OF FINANCING THE COSTS OF ACQUISITION OF CERTAIN REAL PROPERTY IN THE MAUMELLE WATERSHED, PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; APPROVING THE SALE OF THE BONDS; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, Central Arkansas Water (“CAW”) is a body politic and corporate, created pursuant to the Consolidated Waterworks Authorization Act of 2001, Ark. Code Ann. §§ 25-20-301 *et seq.* (the “Act”), and a Consolidation Agreement dated as of March 5, 2001, as amended, among the Cities of Little Rock and North Little Rock, Arkansas (the “Cities”), the Board of Commissioners of the Little Rock Municipal Water Works, and the Board of Commissioners of the North Little Rock Water Department; and

WHEREAS, CAW has entered into a Real Estate Offer and Acceptance Agreement dated as of March 15, 2018 (the “Agreement”) with The Woodcrest Company, LLLP, an Arkansas limited liability limited partnership (“Seller”) pursuant to which CAW has agreed to acquire certain real property in Pulaski County, Arkansas (the “Property”); and

WHEREAS, CAW, by letter of its Chief Executive Officer dated May 25, 2018, notified the Cities of its intention to incur debt in connection with purchasing the Property and neither City as of the date of this resolution has voted its disapproval of the debt; and

WHEREAS, pursuant to the Consolidation Agreement and the Revenue Bond Act of 1987, as amended, Ark. Code Ann. §§ 19-6-601 *et seq.*, CAW caused to be published on August 3, 2018, a notice of public hearing on the question of issuing revenue bonds and thereafter, on August 16, 2018, held a public hearing, as advertised; and

WHEREAS, after due advertisement of an Official Term Sheet, \$3,500,000* (or such lesser amount as shall be as described herein, as follows, sufficient to accomplish the purposes for which issued) of Water Revenue Bonds, Series 2018A (the “Bonds”), bearing interest at the rate or rates per annum to be specified by the successful bidder, with interest payable in annual or semi-annual installments, as directed by the winning bidder with the final maturity date of September 5, 2023; and

WHEREAS, in response to the Official Term Sheet, the following banks provided responses: Centennial Bank, First Security Bank, Regions Bank and US Bank. The response resulting in the lowest fixed rate interest cost has been determined to be Centennial Bank at 2.63%; and

WHEREAS, the bid submitted by Centennial Bank (the “Purchaser”) for the Series 2018A Bonds is presented to the Board of Commissioners for approval;

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

Section 1. Under the authority of the Constitution and laws of the State of Arkansas, including particularly the Act and the Consolidation Agreement, the sale of the Bonds to the Purchaser on the terms of bid as set out above, is hereby in all respects ratified and approved, and accordingly the Bonds are hereby authorized and ordered to be sold to Centennial Bank and issued in the total principal amount of \$3,500,000*, for the purposes of completing the acquisition of the Property and paying the costs of issuing the Bonds. The Bonds are special obligations of CAW, secured by and payable solely from the Stabilized Net Revenues of the Water System. The pledge of Stabilized Net Revenues in favor of the Bonds is on parity with the pledge in favor of CAW's Revenue Bonds, Series 2010A; Refunding Revenue Bonds, Series 2010C (Watershed Protection Project); Water Revenue Bonds, Series 2011A (Wye Mountain Extension Project); Capital Improvement Water Revenue Bonds, Series 2012A; Refunding Water Revenue Bonds, Series 2014; Refunding Water Revenue Bonds, Series 2015; Refunding Water Revenue Bonds, Series 2016; and 1.5% Water Revenue Bond, Series 2017A (Wilson Pump Station #1A Project) (together, the "Parity Bonds") and senior to the pledge in favor of Acquisition and Construction Water Revenue Bonds (Maumelle Water System Acquisition Project), Series 2016. CAW reserves the right to issue parity debt secured on a parity basis with the Bonds and subordinated indebtedness secured on a junior basis to the Bonds. The Bonds do not constitute an indebtedness of the City of Little Rock, the City of North Little Rock, or the State of Arkansas within the meaning of any constitutional or statutory debt limitation or restriction.

Section 2. To prescribe the terms and conditions upon which the Bonds are to be executed, authenticated, delivered, issued, accepted, held, and secured, the Chair of the Commission is hereby authorized and directed to execute and acknowledge such bond purchase or other agreement (the "Agreement") dated as of the date of issuance of the Bonds, as may be prepared and submitted by Bond Counsel, by and between CAW and the Purchaser and the Secretary of the Commission is hereby authorized and directed to execute and acknowledge such Agreement and the Chair and the Secretary of the Commission are hereby authorized and directed to cause the Agreement to be accepted, executed, and acknowledged by the Purchaser. The Agreement 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 3. All actions heretofore taken by the Commission and officers of CAW in connection with the offering of the Bonds, including the preparation and distribution of the Official Term Sheet, Official Bid Form, and acceptance of the bid received from the Purchaser are hereby in all respects ratified and approved.

Section 4. The Chair of the Commission and the Chief Executive Officer of CAW are hereby authorized and directed to execute, by manual or facsimile signature, and deliver the Bonds to or upon the direction of the Purchaser on behalf of CAW.

Section 5. The Chair and Secretary of the Commission and the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer of CAW, for and on behalf of CAW, are authorized and directed to do any and all things necessary to effect the execution and delivery of the Agreement; the execution, delivery, and distribution of the Official Term Sheet; the execution and delivery of such other papers and documents necessary to effect the issuance of the Bonds; the performance of all obligations of CAW under the Agreement; the issuance, execution, sale, and delivery of the Bonds; and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this resolution and Agreement. The Chair and Secretary of the Commission and the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer of CAW, for and on behalf of CAW, are further authorized and directed 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 6. This resolution shall be in effect from and after the date of its adoption.

ADOPTED: August 16, 2018.

ATTEST:



Eddie Powell, Secretary/Treasurer

APPROVED:



Carmen Smith, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Eddie Powell, Secretary/Treasurer of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-07 of the Board of Commissioners of Central Arkansas Water, entitled: **RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$3,500,000 CENTRAL ARKANSAS WATER REVENUE BONDS, SERIES 2018A, FOR THE PURPOSES OF FINANCING THE COSTS OF ACQUISITION OF CERTAIN REAL PROPERTY IN THE MAUMELLE WATERSHED, PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; APPROVING THE SALE OF THE BONDS; AND PRESCRIBING OTHER MATTERS RELATING THERETO**, adopted August 16, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of August, 2018.



Eddie Powell, Secretary/Treasurer
Central Arkansas Water Board of Commissioners

RESOLUTION NO. 2018-08

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 REVENUE BONDS OF THE UTILITY; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, the Internal Revenue Service and the U.S. Treasury Department have promulgated Section 1.150-2 of the Treasury Regulations (the "Regulation") which authorize an issuer to reimburse itself for expenditures made with respect to projects prior to the issuance of tax-exempt obligations to finance such projects; and

WHEREAS, Central Arkansas Water ("CAW") proposes to acquire, design, construct and equip additional capital improvements including, but not limited to, CAW's water distribution system and water treatment facilities, and acquisition of land, equipment and software (collectively, the "Projects"); and

WHEREAS, CAW anticipates incurring certain expenditures with respect to the Projects prior to the issuance of tax-exempt obligations in an amount not to exceed Twenty Million Dollars (\$20,000,000), in one or more series (the "Bonds"), to finance the costs of the Projects; and

WHEREAS, the Regulation requires that the governing body of CAW declare an official intent to reimburse CAW for expenditures related to the Projects that occur prior to the issuance of the Bonds; and

WHEREAS, the Board of Commissioners of CAW, the governing body of CAW, is adopting this Resolution in accordance with the Regulation to recite certain facts and intentions prior to the Bonds.

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 Projects 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 of preliminary expenditures, with the proceeds of the Bonds.

Section 2. CAW authorizes the sum of not to exceed \$5,000,000 (the "Expenditures") from funds available to it for the purpose of accomplishing, acquiring, constructing and equipping the Projects. CAW declares its intent to reimburse itself, and, further, declares as follows:

- a. CAW shall reimburse itself for the original expenditures from proceeds of the Bonds within eighteen (18) months after the later of the date of the original expenditure is paid, or the date the Projects are placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid.
- b. CAW is aware of no reason which would cause it to expect that the Expenditures would be reimbursed from any source other than proceeds of the Bonds.
- c. CAW is aware of no reason which would cause it to believe that a substantial portion of the Expenditures will not be reimbursed from the proceeds of the Bonds.
- d. CAW is aware of nothing in the budget or its financial circumstance which is inconsistent with the intent and declaration of CAW to finance the Expenditures with the Bonds. CAW is aware of no reason to expect that funds other than proceeds of the Bonds will be reserved or allocated on a long-term basis or otherwise set aside for the Expenditures pursuant to budgetary or financial policies of CAW.
- e. The Bonds will be issued in the principal amount of not to exceed \$20,000,000 in the aggregate.
- f. The Expenditures will be "capital expenditures" within the meaning of applicable Treasury Regulations or will constitute a portion of the costs of issuance of the Bonds.

Section 3. The Chief Executive Officer is hereby authorized to take such actions as are necessary to implement the intent of this Resolution.

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

Section 5. A copy of this Resolution shall be filed in the corporate offices of CAW where it will be available for public inspection.

ADOPTED: August 16, 2018

ATTEST:


Eddie Powell, Secretary/Treasurer

APPROVED:

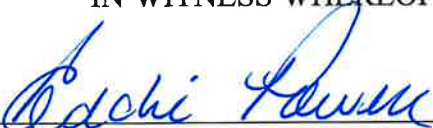

Carmen Smith, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Eddie Powell, Secretary/Treasurer of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-08 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 REVENUE BONDS OF THE UTILITY; AND PRESCRIBING OTHER MATTERS RELATING THERETO**, adopted August 16, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of August, 2018.



Eddie Powell, Secretary/Treasurer
Central Arkansas Water Board of Commissioners

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

September 13, 2018

The Board of Commissioners of Central Arkansas Water (CAW) convened in a regular meeting at 2:00 p.m. on Thursday, September 13, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue, Little Rock, Arkansas.

Present:

Ms. Carmen Smith, Chair
Ms. Kandi Hughes, Vice Chair
Mr. Eddie Powell, Secretary/Treasurer
Mr. Jim McKenzie, Commissioner
Mr. Anthony Kendall, Commissioner
Dr. Roby Robertson, Commissioner

Telephonic:

Mr. Jay Hartman, Commissioner

CAW Staff in Attendance:

Mr. Tad Bohannon, Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. David Johnson, General Counsel
Mr. Jeff Mascagni, Chief Financial Officer
Ms. Becky Linker, Chief Administrative Officer
Mr. Jeremy Sparks, Chief Innovation Officer
Ms. Glenda Bunch, Director of Human Resources
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Dale Kimbrow, Manager of Planning, Regionalism, and Future Water Source
Mr. Blake Weindorf, Director of Distribution
Mr. Randy Easley, Director of Water Quality
Mr. Sam Zehtaban, Director of Water Production
Mr. Doug Shackelford, Director of Public Affairs and Communications
Ms. Samantha Williams-Davis, Communications Specialist and Brand Manager
Ms. Chelsea Odle, Media Specialist
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Mr. Jordan Johnson, JPJ Consulting, LLC
Ms. Kayleigh Dulaney, Wright, Lindsey & Jennings LLP
Mr. Dee Brown, P.E., Brown Engineers
Mr. Bill Halter, Scenic Hill Solar
Ms. Carrie Kyhl, Scenic Hill Solar
Ms. Rachel Herzog, AR Democrat-Gazette
Ms. Kathleen Olsen, League of Women Voters of Pulaski County
Ms. Ruth Bell, League of Women Voters of Pulaski County

Ms. Carolyn Sherman, Friends of the Ouachita Trail
Mr. Barry Haas, Citizen
Mr. Jim Lindsey, Citizen

CALL MEETING TO ORDER

Chair Smith called the meeting to order at 2:00 p.m.

APPROVAL OF BOARD MINUTES

Upon a motion duly made by Commissioner Robertson and seconded by Commissioner Powell, the minutes of the August 16, 2018, Regular Meeting were unanimously approved.

NEW BUSINESS

Resolution to Support Water System Improvements in West Pulaski County

Mr. Bohannon presented information on potential water system improvements and requested Board approval of a Resolution to support exploration of the feasibility to extend water infrastructure in Western Pulaski County. The Resolution states that CAW would be willing to advance up to twenty percent (20%) of the costs to design, construct, and equip the improvements; however, in no event would CAW's participation exceed \$1,800,000. CAW would also pay up to \$400,000 to "up-size" CAW's distribution system to meet future design and flow requirements. CAW would be reimbursed for the cost of CAW's participation from future customers served by the improvements.

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Powell, after due consideration and discussion, the Resolution was unanimously approved.

Presentation on Watershed Activities

Mr. Bohannon updated the Board on activities within the watershed.

CONTRACTS/PURCHASES

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Hughes, after due consideration and discussion, a shared 206 funding agreement between CAW and the US Army Corps of Engineers to study the ramifications of existing low water dams in the Maumelle River, and the feasibility of removing said dams and restoring environmental habitat to pre-alteration conditions was unanimously approved. CAW's share of such costs projected to be \$227,500.

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Robertson, after due consideration and discussion, a Professional Services contract with Brown Engineers, LLC not to exceed \$225,000 to perform arc-flash hazard analyses on the electrical systems of all major CAW facilities was unanimously approved.

DEPARTMENT UPDATES

Finance

Mr. Mascagni provided a year-to-date financial update on utility operations.

BOARD BRIEFING

Mr. Bohannon provided an update on several matters to the Board.

ADJOURNMENT

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Powell, the meeting was adjourned.



Eddie Powell, Secretary/Treasurer

RESOLUTION NO. 2018-09

RESOLUTION AUTHORIZING CENTRAL ARKANSAS WATER STAFF TO TAKE THOSE ACTIONS NECESSARY TO FULLY EXPLORE THE EXTENSION OF WATER INFRASTRUCTURE TO WESTERN PULASKI COUNTY (FERNDALE); STATING AN INTENT TO PARTICIPATE IN FUNDING A PORTION OF THE INFRASTRUCTURE IF THE PROJECT IS PROVEN FINANCIALLY FEASIBLE; AND PRESCRIBING OTHER MATTERS RELATED THERETO.

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

WHEREAS, West Pulaski Public Water Authority (the "Improvement District") was created to explore the possibility of obtaining potable water for residences and businesses in the vicinity of Ferndale; and

WHEREAS, the Improvement District is seeking funding to build more than \$9,000,000 of infrastructure to connect to CAW's distribution system and deliver a safe and dependable source of potable water to more than 400 households in West Pulaski County in and around the vicinity of Ferndale (collectively, the "Improvements"); and

WHEREAS, CAW will operate the Improvements upon their completion and CAW will own the Improvements upon retirement of any third-party debt associated with design, construction, and equipping of the Improvements; and

WHEREAS, CAW has determined that it is in the best interest of CAW and the public for CAW to participate in the design, construction, and equipping of the Improvements if the Improvement District is able to raise at least 80% of the costs for the design, construction and equipping of the Improvements from other funding sources; and

WHEREAS, CAW has determined that it is in the best interest of CAW and the public to participate in the "up-sizing" of some of the Improvements for the orderly and efficient operation and expansion of CAW's distribution system in the future; and

WHEREAS, CAW would be reimbursed for the cost of CAW's participation in the design, construction, and equipping of the Improvements, including the upsizing, from future customers of CAW in and around the vicinity of Ferndale; and

WHEREAS, the Board of Commissioners of CAW desires to express its willingness for CAW to assist in the design, construction, and equipping of the Improvements, and to pay a portion of the cost for the upsizing of some of the Improvements to meet future design and flow requirements as set forth in CAW's Master Plan; and

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

Section 1. The Board of Commissioners desires to state that should the design, construction, and equipping of the Improvements become financially feasible due to the participation of other lenders and grant-making organizations, and a commitment by a sufficient number of future customers in the Ferndale area, CAW is willing to participate in twenty percent (20%) of the costs to design, construct, and equip the Improvements, provided however, in no event shall CAW's participation exceed \$1,800,000; and further provided that CAW will be repaid the full amount of CAW's participation with interest on terms and conditions acceptable to the Board of Commissioners of CAW, the Improvement District, the third-party lenders, and the grant-making organizations.

Section 2. The Board of Commissioners desires to state further that should the design, construction, and equipping of the Improvements become financially feasible, CAW is willing to participate in an amount not to exceed \$400,000 in the "up-sizing" of certain Improvements to meet future design and flow requirements.

Section 3. The Board of Commissioners of CAW hereby authorizes and directs the Chief Executive Officer to convey CAW's intent to the Improvement District, as well potential lenders and grant-making organizations, and to carry out or cause to be carried out all appropriate actions in the exploration of the economic feasibility of the Improvements, but not the actual funding of CAW's participation in the funding of the design, construction, equipping, or upsizing of the Improvements, which will require future approval by this Board of Commissioners.

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

Section 5. A copy of this Resolution shall be filed in the corporate offices of CAW where it will be available for public inspection.

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 September 13, 2018.

Attest:

APPROVED:



Eddie Powell, Secretary/Treasurer



Carmen Smith, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Eddie Powell, Secretary of the Board of Commissioners, Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-09 of the Resolutions of Central Arkansas Water, entitled: **A RESOLUTION AUTHORIZING CENTRAL ARKANSAS WATER STAFF TO TAKE THOSE ACTIONS NECESSARY TO FULLY EXPLORE THE EXTENSION OF WATER INFRASTRUCTURE TO WESTERN PULASKI COUNTY (FERNDALE); STATING AN INTENT TO PARTICIPATE IN FUNDING A PORTION OF THE INFRASTRUCTURE IF THE PROJECT IS PROVEN FINANCIALLY FEASIBLE; AND PRESCRIBING OTHER MATTERS RELATED THERETO**, adopted September 13, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of September 2018.



Eddie Powell, Secretary/Treasurer
Central Arkansas Water Board of Commissioners

**CENTRAL ARKANSAS WATER
MINUTES OF PUBLIC HEARING
REGARDING ISSUANCE OF
SERIES 2018B BONDS**

October 10, 2018

Jeff Mascagni, Chief Financial Officer, Central Arkansas Water, who presided at the meeting, called the meeting to order. He stated that a public hearing was scheduled to be held at 2:00 p.m. at the James T. Harvey Administration Building of Central Arkansas Water located at 221 East Capitol Avenue in Little Rock, Arkansas. The public hearing was held to hear comments on the question of Central Arkansas Water issuing Series 2018B Bonds for the purpose of financing the costs to partially fund CIS replacement, purchase land in the Lake Maumelle Watershed, I-30 Project, various pipeline projects, pay bond issuance costs, and establish debt service reserve account.

Mr. Mascagni stated that notice of a public hearing had been given by publication at least 10 days prior to the date hereof in a newspaper of general circulation in the cities of Little Rock and North Little Rock, Arkansas. He observed that the time for the public hearing had arrived and declared the public hearing to be open.

Mr. Mascagni then addressed those in attendance and asked for questions or comments. There were no comments or questions.

After allowing time for comments and questions, Mr. Mascagni declared the public hearing closed.

CERTIFICATE

The undersigned, Secretary/Treasurer of Central Arkansas Water, hereby certifies that the foregoing is a true and perfect written record of a public hearing held at 2:00 p.m. on the 10th day of October 2018, which now appears in the records of the Central Arkansas Water in Little Rock, Arkansas.



Eddie Powell, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

October 11, 2018

The Board of Commissioners of Central Arkansas Water (CAW) convened in a regular meeting at 2:00 p.m. on Thursday, October 11, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue, Little Rock, Arkansas.

Present:

Ms. Carmen Smith, Chair
Ms. Kandi Hughes, Vice Chair
Mr. Eddie Powell, Secretary/Treasurer
Dr. Roby Robertson, Commissioner

Telephonic:

Mr. Jay Hartman, Commissioner
Mr. Anthony Kendall, Commissioner

Absent:

Mr. Jim McKenzie, Commissioner

CAW Staff in Attendance:

Mr. Tad Bohannon, Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. David Johnson, General Counsel
Mr. Jeff Mascagni, Chief Financial Officer
Mr. Jeremy Sparks, Chief Innovation Officer
Ms. Glenda Bunch, Director of Human Resources
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Dale Kimbrow, Manager of Planning, Regionalism, and Future Water Source
Mr. Randy Easley, Director of Water Quality
Mr. Sam Zehtaban, Director of Water Production
Mr. Doug Shackelford, Director of Public Affairs and Communications
Ms. Samantha Williams-Davis, Communications Specialist and Brand Manager
Ms. Chelsea Odle, Media Specialist
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Mr. Jack Truemper, Senior Vice President, Stephens, Inc.
Ms. Leigh Ann Biernat, CPA, Senior Vice President, Stephens, Inc.
Mr. Chris Shumake, Arkansas Blue Cross & Blue Shield
Mr. Bailey Moll, JPJ Consulting, LLC
Mr. Paul Strickland, P.E., Garver Engineers
Mr. Antwan Phillips, Wright, Lindsey & Jennings LLP

Mr. Bill Halter, Scenic Hill Solar
Ms. Carrie Kyhl, Scenic Hill Solar
Ms. Rachel Herzog, AR Democrat-Gazette
Ms. Kathleen Olsen, League of Women Voters of Pulaski County
Ms. Ruth Bell, League of Women Voters of Pulaski County
Mr. Barry Haas, Citizen
Mr. Jim Lindsey, Citizen
Ms. Wanda Lindsey, Citizen
Mr. Bern Bradley, Citizen

CALL MEETING TO ORDER

Chair Smith called the meeting to order at 2:00 p.m.

APPROVAL OF BOARD MINUTES

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Robertson, the minutes of the September 13, 2018, Regular Meeting were unanimously approved.

NEW BUSINESS

Announcement of CAW Board Vacancy

Ms. Bunch stated that Commissioner Robertson's term expired on June 30, 2018, and he has graciously agreed to continue to fulfill his role as Commissioner until we are able to post and fill his vacancy.

Ms. Bunch provided the following schedule and procedure for filling the vacancy created by the retirement of Commissioner Robertson:

10/11/18	Vacancy announcement at CAW Regular Board Meeting
12/9/18 – 12/28/18	Advertise to fill vacancy, accept resumes/letters of interest and forward resumes/letters of interest to CAW Board and to Mayors Mark Stodola and Joe Smith
1/10/19	Review resumes and determine interviewees - CAW Regular Meeting
1/15/19	Interview and appointment to Board via a CAW Special Called Meeting
1/29/19	Little Rock City Board of Directors to consider request for appointment confirmation
2/11/19	North Little Rock City Council to consider request for appointment confirmation
2/14/19	Administer Oath of Office to new Commissioner prior to CAW Regular Board Meeting

2019 Health Insurance Renewal

Ms. Bunch requested Board approval of a contract renewal for the 2019 group health insurance contract with Health Advantage with a 17.7% increase to premiums, with no change to current levels of coverage, effective January 1, 2019, subject to renewal by mutual agreement annually

thereafter.

Chair Kendall abstained from the vote due to a potential conflict of interest.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Hartman, after due consideration and discussion, the 2019 group health insurance coverage with Health Advantage was approved.

Total Compensation Review Plan

Ms. Bunch and Mr. Sparks provided information on a total compensation review plan for 2019, to ensure CAW offers a competitive package while balancing costs to the utility. No action required.

Sale of Water Revenue Bonds, Series 2018B

Mr. Mascagni requested Board approval of a Resolution providing for the offering of not to exceed \$20,000,000 CAW Improvement Revenue Bonds, Series 2018B, for the purpose of financing the costs of acquiring, constructing, installing, relocating, and/or replacing water distribution and transmission pipes, improving water pumping and treatment facilities, acquiring real property, acquiring and installing or improving water pumping processing, production and distribution equipment, acquiring, implementing computer software and for such other purpose as may be deemed appropriate.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Hughes, after due consideration and discussion, the Resolution providing for the offering of not to exceed \$20,000,000 CAW Improvement Revenue Bonds, Series 2018B, was unanimously approved.

CONTRACTS/PURCHASES

Upon a motion duly made by Commissioner Hughes and seconded by Commissioner Powell, after due consideration and discussion, a contract with Enhanced Environmental & Emergency Services in the amount of \$187,744 for removal & disposal of chemicals from the Maumelle Water Treatment Plant was unanimously approved.

Upon a motion duly made by Commissioner Robertson and seconded by Commissioner Powell, after due consideration and discussion, a professional services contract with GBMc & Associates in the amount of \$107,750 for engineering work related to the removal and replacement of river crossing (RC4) at the Forest Legacy Project site was unanimously approved.

DEPARTMENT UPDATES

Finance

Mr. Mascagni provided a year-to-date financial update on utility operations.

BOARD BRIEFING

Mr. Bohannon provided an update on several matters to the Board.

ADJOURNMENT

Upon a motion duly made by Commissioner Robertson and seconded by Commissioner Hughes, the meeting was adjourned.



Eddie Powell, Secretary/Treasurer

RESOLUTION NO. 2018-10

RESOLUTION AUTHORIZING THE OFFERING OF NOT TO EXCEED \$20,000,000 CENTRAL ARKANSAS WATER CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2018B, FOR THE PURPOSES OF FINANCING THE COSTS OF ACQUIRING, CONSTRUCTING, INSTALLING, RELOCATING, AND/OR REPLACING WATER DISTRIBUTION AND TRANSMISSION PIPES, IMPROVING WATER PUMPING AND TREATMENT FACILITIES, ACQUIRING REAL PROPERTY, ACQUIRING AND INSTALLING OR IMPROVING WATER PUMPING, PROCESSING, PRODUCTION AND DISTRIBUTION EQUIPMENT, ACQUIRING, IMPLEMENTING COMPUTER SOFTWARE AND FOR SUCH OTHER PURPOSE AS MAY BE DEEMED APPROPRIATE BY THE ISSUER FROM TIME TO TIME, AND PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; APPROVING THE SALE OF THE BONDS; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, Central Arkansas Water ("CAW") has engaged Stephens Inc. as Municipal Advisor, Wright, Lindsey & Jennings LLP, as Bond Counsel and Disclosure Counsel, and Regions Bank, as Trustee, for the issuance of bonds to finance its capital improvements including (1) the acquisition, construction, installation, relocation or replacement of water distribution and transmission pipes; (2) improvements to water pumping and treatment facilities; (3) the acquisition of real property; (4) the acquisition and installation or improvement to various water pumping, processing, production and/or distribution equipment; (5) the acquisition and implementation of computer software; and (6) for such other purpose as may be deemed appropriate by the Issuer from time to time; (collectively the "Capital Improvements"); and

WHEREAS, for the purposes of completing the Capital Improvements, establishing a debt service reserve, and paying the costs of issuance of bonds, CAW intends to issue not to exceed \$20,000,000 of capital improvement water revenue bonds; and

WHEREAS, pursuant to the direction of the Board of Commissioners of CAW (the "Commission"), CAW's Chief Financial Officer (the "Authorized Officer"), together with the Municipal 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 Authorized Officer, the Commission is now prepared to authorize the offering of bonds for sale and to approve the sale documentation as described in this resolution.

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

Section 1. The bonds shall be designated "Central Arkansas Water Capital Improvement Water Revenue Bonds, Series 2018B" (the "Bonds"). The Bonds shall be offered for sale in the aggregate principal amount of not to exceed [\$20,000,000] by electronic bids, at such time as may be approved by the Authorized Officer, upon advice of the Municipal Advisor, at such location as may be provided for in the Official Notice of Sale. At such time and place, the Authorized Officer shall meet with the Municipal Advisor to receive the bids. The Authorized Officer is hereby authorized to accept the bid providing the lowest "true interest cost" (as defined in the Official Notice of Sale) in the name of CAW if, upon advice of the Municipal Advisor, he shall determine to do so is in the best interest of CAW.

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

Section 3. The 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 the Authorized 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 Authorized Officer shall cause notice of the sale of the Bonds to be included as an upcoming sale in the competitive calendar published in The Bond Buyer.

Section 5. The Authorized Officer, after consultation with the Municipal Advisor and Bond Counsel, is hereby authorized to distribute the Official Notice of Sale, Official Bid Form, and Preliminary Official Statement, with such changes and modifications as the Authorized Officer shall deem appropriate, to prospective bidders for the Bonds.

Section 6. The Authorized 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 October 11, 2018.

ATTEST:



Eddie Powell, Secretary/Treasurer

APPROVED:



Carmen Smith, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Eddie Powell, Secretary/Treasurer of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-10 of the Board of Commissioners of Central Arkansas Water, entitled: **RESOLUTION AUTHORIZING THE OFFERING OF NOT TO EXCEED \$20,000,000 CENTRAL ARKANSAS WATER CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2018B, FOR THE PURPOSES OF FINANCING THE COSTS OF ACQUIRING, CONSTRUCTING, INSTALLING, RELOCATING, AND/OR REPLACING WATER DISTRIBUTION AND TRANSMISSION PIPES, IMPROVING WATER PUMPING AND TREATMENT FACILITIES, ACQUIRING REAL PROPERTY, ACQUIRING AND INSTALLING OR IMPROVING WATER PUMPING, PROCESSING, PRODUCTION AND DISTRIBUTION EQUIPMENT, ACQUIRING, IMPLEMENTING COMPUTER SOFTWARE AND FOR SUCH OTHER PURPOSE AS MAY BE DEEMED APPROPRIATE BY THE ISSUER FROM TIME TO TIME, AND PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; APPROVING THE SALE OF THE BONDS; AND PRESCRIBING OTHER MATTERS RELATING THERETO**, adopted October 11, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of October, 2018.

ATTEST:



Eddie Powell, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

November 15, 2018

The Board of Commissioners of Central Arkansas Water (CAW) convened in a regular meeting at 2:00 p.m. on Thursday, November 15, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue, Little Rock, Arkansas.

Present:

Ms. Carmen Smith, Chair
Ms. Kandi Hughes, Vice Chair
Mr. Eddie Powell, Secretary/Treasurer
Dr. Roby Robertson, Commissioner
Mr. Jay Hartman, Commissioner
Mr. Anthony Kendall, Commissioner
Mr. Jim McKenzie, Commissioner

CAW Staff in Attendance:

Mr. Tad Bohannon, Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. David Johnson, General Counsel
Mr. Jeff Mascagni, Chief Financial Officer
Mr. Jeremy Sparks, Chief Innovation Officer
Ms. Glenda Bunch, Director of Human Resources
Mr. Blake Weindorf, P.E., Director of Distribution
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Dale Kimbrow, Manager of Planning, Regionalism, and Future Water Source
Mr. Randy Easley, Director of Water Quality
Mr. Sam Zehtaban, Director of Water Production
Mr. Doug Graham, Optimization Manager
Mr. Doug Shackelford, Director of Public Affairs and Communications
Ms. Samantha Williams-Davis, Communications Specialist and Brand Manager
Ms. Chelsea Odle, Media Specialist
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Ms. Leigh Ann Biernat, CPA, Senior Vice President, Stephens, Inc.
Mr. Jordan Johnson, JPJ Consulting, LLC
Mr. Antwan Phillips, Wright, Lindsey & Jennings LLP
Ms. Kayleigh Dulaney, Wright, Lindsey & Jennings LLP
Ms. Rachel Herzog, AR Democrat-Gazette
Ms. Kathleen Oleson, League of Women Voters of Pulaski County
Ms. Carolyn Shearman, Friends of the Ouachita Trail
Mr. Barry Haas, Citizen
Mr. Jim Lindsey, Citizen

CALL MEETING TO ORDER

Chair Smith called the meeting to order at 2:00 p.m.

APPROVAL OF BOARD MINUTES

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Robertson, the minutes of the October 11, 2018, Regular Meeting were unanimously approved.

OLD BUSINESS

Sale of Capital Improvement Water Revenue Bonds, Series 2018B

Mr. Mascagni requested Board approval of a Resolution accepting the winning bid for the issuance and sale of CAW Capital Improvement Water Revenue Bonds, Series 2018B for the purpose of (1) acquisition, construction, installation, relocation or replacement of water distribution and transmission pipes; (2) improvements to water pumping and treatment facilities (3) acquisition of real property; (4) acquisition and installation or improvement to various water pumping, processing, production, and/or distribution equipment; (5) acquisition and implementation of computer software; (6) and for other purpose as may be deemed appropriate.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Hughes, after due consideration and discussion, the Resolution accepting the winning bid for the issuance and sale of CAW Capital Improvement Water Revenue Bonds, Series 2018B, was unanimously approved.

NEW BUSINESS

Presentation of Draft 2019 Financial Plan

Mr. Mascagni presented a draft of the 2019 Financial Plan and stated that no action was required at this meeting. He stated that the final version of the plan would be presented for consideration at the December Board Meeting.

Resolution and Amendment Regarding the CAW Employee Savings Plan (401A)

Ms. Bunch stated the current CAW Employee Savings Plan (401A) has language in section 9.7 related to disability claims for plans subject to ERISA and CAW's plan is not subject to ERISA. Ms. Bunch requested Board approval of a Resolution ratifying the amendment specific to the CAW Employee Savings Plan (401A) to remove existing language related to ERISA.

Upon a motion duly made by Commissioner McKenzie and seconded by Commissioner Hartman, after due consideration and discussion, the Resolution ratifying the amendment specific to the CAW Employee Savings Plan (401A) to remove existing language related to ERISA was unanimously approved.

Resolution Authorizing Purchase of Property in the Lake Maumelle Watershed

Mr. Bohannon requested Board approval of a Resolution authorizing purchase of approximately 620 acres located in the Lake Maumelle Watershed, from PotlatchDeltic Timber, LLC for a purchase price of \$4,603,500 (\$7,425 per acre).

Upon a motion duly made by Commissioner Powell and seconded by Commissioner McKenzie, after due consideration and discussion, the Resolution was unanimously denied and the Board suggested Mr. Bohannon continue negotiations.

CONTRACTS/PURCHASES

Upon a motion duly made by Commissioner Robertson and seconded by Commissioner Powell, after due consideration and discussion, a one-year contract extension with Redstone Construction Group, Inc. estimated at \$625,640.19 to perform asphalt restoration work was unanimously approved

Upon a motion duly made by Commissioner Robertson and seconded by Commissioner McKenzie, after due consideration and discussion, the purchase of water meters in the estimated amount of \$647,779.20 from multiple vendors was unanimously approved.

Upon a motion duly made by Commissioner Hartman, and seconded by Commissioner Hughes, after due consideration and discussion, a one-year service agreement extension with Arkansas Utility Protection Services, Inc., (ArkUps) in the amount of \$408,382 was unanimously approved.

Upon a motion duly made by Commissioner McKenzie, and seconded by Commissioner Hughes, after due consideration and discussion, the following chemical purchases were unanimously approved:

Renewal of annual chemical contract with the following companies:

Company	Chemical	Bid Amount
Vertex	Sodium Hypochlorite	\$340,000.00

Award annual chemical contracts to the following companies based on competitive bids and staff recommendation:

Company	Chemical	Bid Amount
Arkansas Lime	Quicklime	\$165,375.00
Arkansas Lime	Hydrated Lime	\$32,656.25
Univar USA	Calcium Hypochlorite	\$12,000.00
Chemtrade Chemicals	Liquid Aluminum Sulfate	\$387,600.00
Harcros	15% Hydrochloric Acid	\$38,080.00
Evoqua	25% Liquid Sodium Chlorite	\$254,650.00
Vineera Chemicals	Sodium Silicofluoride	\$45,440.00
Klar Water, Inc.	Bimetallic Glassy Phosphate	\$281,920.00
Brenntag Mid-South	Powdered Activated Carbon	\$19,200.00
Brenntag Mid-South	Potassium Permanganate	\$138,000.00
Univar USA	Hydrofluorosilicic Acid	\$92,437.50

Upon a motion duly made by Commissioner McKenzie, and seconded by Commissioner Kendall, after due consideration and discussion, a construction contract with Cisneros Family Construction in the amount of \$819,970 to replace approximately 6,780 linear feet of 2-inch galvanized water mains East of Camp Robinson Road between West 34th and 45th Streets was unanimously approved.

Upon a motion duly made by Commissioner Hartman, and seconded by Commissioner

McKenzie, after due consideration and discussion, a construction contract with Cisneros Family Construction in the amount of \$144,977 to relocate thirteen domestic services and twelve irrigation services in the area of N. Palm Street between Cantrell Road and Crestwood Drive in Pulaski Heights was unanimously approved.

DEPARTMENT UPDATES

Finance

Mr. Mascagni provided a year-to-date financial update on utility operations and recognized CAW's Finance Department for receiving the Government Finance Officers Association – Certificate of Achievement for Excellence in Financial Reporting for the ninth consecutive year. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting.

Regionalism

Mr. Kimbrow provided an update on matters pertaining to regionalism.

BOARD BRIEFING

Mr. Bohannon provided an update on several matters to the Board.

ADJOURNMENT

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Robertson, the meeting was adjourned.



Eddie Powell, Secretary/Treasurer

RESOLUTION NO. 2018-11

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$20,000,000 CENTRAL ARKANSAS WATER CAPITAL IMPROVEMENT WATER REVENUE BONDS, SERIES 2018B, FOR THE PURPOSES OF FINANCING THE COSTS OF ACQUIRING, CONSTRUCTING, INSTALLING, RELOCATING, AND/OR REPLACING WATER DISTRIBUTION AND TRANSMISSION PIPES, IMPROVING WATER PUMPING AND TREATMENT FACILITIES, ACQUIRING REAL PROPERTY, ACQUIRING AND INSTALLING OR IMPROVING WATER PUMPING, PROCESSING, PRODUCTION AND DISTRIBUTION EQUIPMENT, ACQUIRING, AND IMPLEMENTING COMPUTER SOFTWARE AND FOR SUCH OTHER PURPOSES AS MAY BE DEEMED APPROPRIATE BY THE ISSUER FROM TIME TO TIME, AND PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; APPROVING THE SALE OF THE BONDS; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, Central Arkansas Water (“CAW”) is a body politic and corporate, created pursuant to the Consolidated Waterworks Authorization Act of 2001, Ark. Code Ann. §§ 25-20-301 *et seq.* (the “Act”), and a Consolidation Agreement dated as of March 5, 2001, as amended, among the Cities of Little Rock and North Little Rock, Arkansas (the “Cities”), the Board of Commissioners of the Little Rock Municipal Water Works, and the Board of Commissioners of the North Little Rock Water Department; and

WHEREAS, CAW has engaged Stephens Inc. as Municipal Advisor, Wright, Lindsey & Jennings LLP, as Bond Counsel and Disclosure Counsel, and Regions Bank, as Trustee, for the issuance of bonds to finance its capital improvements including (1) the acquisition, construction, installation, relocation or replacement of water distribution and transmission pipes; (2) improvements to water pumping and treatment facilities; (3) the acquisition of real property; (4) the acquisition and installation or improvement to various water pumping, processing, production and/or distribution equipment; (5) the acquisition and implementation of computer software; and (6) for such other purposes as may be deemed appropriate by the Issuer from time to time; (collectively the “Capital Improvements”); and

WHEREAS, pursuant to the Consolidation Agreement and the Revenue Bond Act of 1987, as amended, Ark. Code Ann. §§ 19-6-601 *et seq.*, CAW caused to be published on September 28, 2018, a notice of public hearing on the question of issuing revenue bonds and thereafter, on October 10, 2018, held a public hearing, as advertised; and

WHEREAS, pursuant to the authority granted in Commission Resolution No. 2018-10, after due advertisement of an Official Notice of Sale, \$20,000,000 (or such lesser amount as shall be described herein, sufficient to accomplish the purposes for which issued) for Capital Improvements, were duly offered for sale on November 15, 2018; and

WHEREAS, at said sale, pursuant to the Official Notice of Sale, the following bids were received:

Bidder True Interest Cost

<u>Bid Award</u>	<u>Bidder Name</u>	<u>TIC</u>
Reoffering	Robert W. Baird & Co., Inc.	3.533875
	Raymond James & Associates, Inc.	3.575555
	Hutchinson, Shockey, Erley & Co.	3.578744
	Citigroup Global Markets, Inc.	3.579545
	Janney Montgomery Scott LLC	3.594446
	J.P. Morgan Securities LLC	3.619395
	Crews & Associates, Inc.	3.641909

WHEREAS, pursuant to the authority granted in Commission Resolution No. 2018-10, the bid submitted by Robert W. Baird & Co., Inc. (the "Purchaser") for the Series 2018B Bonds has been accepted by the Chief Financial Officer of CAW and the principal amount of the Bonds is \$20,000,000.00 and the purchase price is \$20,444,015.34.

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

Section 1. Under the authority of the Constitution and laws of the State of Arkansas, including particularly the Act and the Consolidation Agreement, the sale of the Bonds to the Purchaser on the terms of bid as set out above, is hereby in all respects ratified and approved, and accordingly the Bonds are hereby authorized and ordered to be sold to Robert W. Baird & Co., Inc. and issued in the total principal amount of \$20,000,000 for the purposes of constructing and acquiring the Capital Improvements, funding a debt service reserve and paying the costs of issuing the Bonds. The Bonds are special obligations of CAW, secured by and payable solely from the Stabilized Net Revenues of the Water System, on a parity with CAW's Refunding Water Revenue Bonds, Series 2010A; CAW's Refunding Revenue Bonds, Series 2010C (Watershed Protection Project); CAW's Water Revenue Bond, Series 2011A (Wye Mountain Extension Project); CAW's Capital Improvement Water Revenue Bonds, Series 2012A; CAW's Refunding Water Revenue Bonds, Series 2014; CAW's Refunding Water Revenue Bonds, Series 2015; CAW's Refunding Water Revenue Bonds, Series 2016, the 1.5% Water Revenue Bond (Wilson Pump Station Project) Series 2017A; CAW's Water Revenue Bond,

Series 2018A, and any subsequently issued Parity Debt. The pledge of Stabilized Net Revenues securing the Bonds is senior to the pledge in favor of the Issuer's Acquisition and Construction Water Revenue Bonds (Maumelle Water System Acquisition Project), Series 2016. The Bonds do not constitute an indebtedness of the City of Little Rock, the City of North Little Rock, or the State of Arkansas within the meaning of any constitutional or statutory debt limitation or restriction.

Section 2. To prescribe the terms and conditions upon which the Bonds are to be executed, authenticated, delivered, issued, accepted, held, and secured, the Chair of the Commission is hereby authorized and directed to execute and acknowledge a Trust Indenture, to be dated as of December 4, 2018, (the "Indenture") by and between CAW and Regions Bank, as Trustee, and the Secretary of the Commission is hereby authorized and directed to execute and acknowledge the Indenture and the Chair and the Secretary of the Commission are hereby authorized and directed to cause the Indenture to be accepted, executed, and acknowledged by the Trustee. The Indenture is hereby approved in substantially the form submitted to this meeting with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

Section 3. All actions heretofore taken by the Commission and officers of CAW in connection with the offering of the Bonds, including the preparation and distribution of the Official Notice of Sale, Official Bid Form, and the Preliminary Official Statement, dated November 6, 2018, holding of the public hearing on October 10, 2018, and acceptance of the bid received from the Purchaser are hereby in all respects ratified and approved.

Section 4. The Official Statement of CAW 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 of the Commission and Chief Executive Officer of CAW shall sign and deliver such final Official Statement to the Purchaser for distribution to the owners of the Bonds and other interested persons.

Section 5. The Chair of the Commission and the Chief Executive Officer of CAW are hereby authorized and directed to execute, by manual or facsimile signature, and deliver the Bonds to or upon the direction of the Purchaser on behalf of CAW.

Section 6. The Chair and Secretary of the Commission and the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer of CAW, for and on behalf of CAW, are authorized and directed to do any and all things necessary to effect the execution and delivery of the Indenture, and the Continuing Disclosure Agreement; the execution, delivery, and distribution of the Official Statement; the execution and delivery of such other papers and documents necessary

to effect the issuance of the Bonds; the performance of all obligations of CAW under the Indenture, and the Continuing Disclosure Agreement; the issuance, execution, sale, and delivery of the Bonds; and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this resolution, the Indenture, and the Continuing Disclosure Agreement. The Chair and Secretary of the Commission and the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer of CAW, for and on behalf of CAW, are further authorized and directed 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 7. This resolution shall be in effect from and after the date of its adoption.

APPROVED November 15, 2018.

ATTEST:



Eddie Powell, Secretary/Treasurer

APPROVED:



Carmen Smith, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Eddie Powell, Secretary/Treasurer of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-11 of the Board of Commissioners of Central Arkansas Water, entitled: **RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$20,000,00 CENTRAL ARKANSAS WATER CAPITAL IMPROVEMENT WATER REVENUE BONDS, SERIES 2018B, FOR THE PURPOSES OF FINANCING THE COSTS OF ACQUIRING, CONSTRUCTING, INSTALLING, RELOCATING, AND/OR REPLACING WATER DISTRIBUTION AND TRANSMISSION PIPES, IMPROVING WATER PUMPING AND TREATMENT FACILITIES, ACQUIRING REAL PROPERTY, ACQUIRING AND INSTALLING OR IMPROVING WATER PUMPING, PROCESSING, PRODUCTION AND DISTRIBUTION EQUIPMENT, ACQUIRING, AND IMPLEMENTING COMPUTER SOFTWARE AND FOR SUCH OTHER PURPOSES AS MAY BE DEEMED APPROPRIATE BY THE ISSUER FROM TIME TO TIME, AND PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; APPROVING THE SALE OF THE BONDS; AND PRESCRIBING OTHER MATTERS RELATING THERETO**, adopted November 15, 2018

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of November, 2018.

ATTEST:


Eddie Powell, Secretary/Treasurer

RESOLUTION 2018-12

**RESOLUTION APPROVING AMENDMENT AND RESTATEMENT OF
THE CENTRAL ARKANSAS WATER EMPLOYEES SAVINGS PLAN
IN ORDER TO MAINTAIN COMPLIANCE WITH APPLICABLE RULES
AND REGULATIONS.**

WHEREAS, Central Arkansas Water maintains the Central Arkansas Water Employees Savings Plan (the "Savings Plan") for the benefit of its employees; and

WHEREAS, Central Arkansas Water desires to amend the Savings Plan to remove existing language related to disability claims.

WHEREAS, Central Arkansas Water desires to incorporate amendments to the Savings Plan since it was last amended and restated.

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

Section 1. Central Arkansas Water amends its Central Arkansas Water Employees Savings Plan effective April 2, 2018, for the purpose of removing inapplicable claims procedures contained in the plan, specifically existing language in Section 9.7 of the Plan document.

Section 2. Central Arkansas Water hereby ratifies, confirms and approves the Adoption Agreement related to the Savings Plan executed by C. Tad Bohannon, Chief Executive Officer; and

Section 3. The Chief Executive Officer and/or the Chief Innovation Officer are authorized and directed to execute all documents, instruments, and certificates required or necessary to carry out the foregoing resolution and take all other actions necessary or desirable in connection with the foregoing resolution.

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

Section 5. A copy of this Resolution shall be filed in the corporate offices of CAW where it will be available for public inspection.

ADOPTED: November 15, 2018

ATTEST:


Eddie Powell, Secretary/Treasurer

APPROVED:


Carmen Smith, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Eddie Powell, Secretary/Treasurer of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-12 of the Resolutions of Central Arkansas Water, entitled: **RESOLUTION APPROVING AMENDMENT AND RESTATEMENT OF THE CENTRAL ARKANSAS WATER EMPLOYEES SAVINGS PLAN IN ORDER TO MAINTAIN COMPLIANCE WITH APPLICABLE RULES AND REGULATIONS**, adopted November 15, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of November, 2018.



Eddie Powell, Secretary/Treasurer
Central Arkansas Water Board of Commissioners

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

December 20, 2018

The Board of Commissioners of Central Arkansas Water (CAW) convened in a regular meeting at 2:00 p.m. on Thursday, December 20, 2018, in the Board Room of the James T. Harvey Administration Building located at 221 East Capitol Avenue, Little Rock, Arkansas.

Present:

Ms. Carmen Smith, Chair
Mr. Eddie Powell, Secretary/Treasurer
Dr. Roby Robertson, Commissioner
Mr. Jay Hartman, Commissioner
Mr. Anthony Kendall, Commissioner
Mr. Jim McKenzie, Commissioner

Telephonic:

Ms. Kandi Hughes, Vice Chair

CAW Staff in Attendance:

Mr. Tad Bohannon, Chief Executive Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. David Johnson, General Counsel
Mr. Jeff Mascagni, Chief Financial Officer
Mr. Jeremy Sparks, Chief Innovation Officer
Ms. Glenda Bunch, Director of Human Resources
Mr. Blake Weindorf, P.E., Director of Distribution
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Dale Kimbrow, Manager of Planning, Regionalism, and Future Water Source
Mr. Randy Easley, Director of Water Quality
Mr. Sam Zehtaban, Director of Water Production
Mr. Danny Dunn, Assistant Director of Distribution
Mr. Allen Vincent, Director of Information Services
Ms. Cynthia Edwards, Controller
Mr. Doug Shackelford, Director of Public Affairs and Communications
Ms. Chelsea Odle, Media Specialist
Ms. Mary Dyson, Management Secretary

Also in Attendance:

Mr. Rocky Craley, Raftelis Financial Consultants, Inc.
Ms. Lindsey Chaplin, Student, UCA
Ms. Rachel Herzog, AR Democrat-Gazette
Ms. Ruth Bell, League of Women Voters of Pulaski County
Mr. Barry Haas, Citizen

CALL MEETING TO ORDER

Chair Smith called the meeting to order at 2:00 p.m.

APPROVAL OF BOARD MINUTES

Upon a motion duly made by Commissioner McKenzie and seconded by Commissioner Robertson, the minutes of the November 15, 2018, Regular Meeting were unanimously approved.

OLD BUSINESS

Rate Resolution for 2019 - 2022

Mr. Rocky Craley with Raftelis Financial Consulting, Inc. presented findings from the recent rate study, which includes no change in monthly base charges, flexibility in volumetric allowance currently included within the base charge, implementation of a new billing fee, Watershed Protection Fee increases, and a Wholesale rate increase and contract amendments. Mr. Mascagni requested Board approval of a Resolution establishing rates through 2022.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner McKenzie, after due consideration and discussion, the Rate Resolution for 2019 – 2022, was unanimously approved.

Approval of 2019 Financial Plan

Mr. Mascagni requested Board approval of the 2019 Financial Plan that was presented to the Board in November.

Upon a motion duly made by Commissioner Hartman and seconded by Commissioner Powell, after due consideration and discussion, the 2019 Financial Plan was unanimously approved.

Update on Little Italy

Mr. Johnson updated the Board on the status of the Little Italy incorporation case. No Action required.

NEW BUSINESS

Resolution Amending Wholesale Water Agreements

Mr. Bohannon requested Board approval of a Resolution amending the Water Supply Contracts between Central Arkansas Water and each Wholesale Customer desiring to reduce peaking factors and stabilize future sales volumes.

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner McKenzie, after due consideration and discussion, the Resolution amending Wholesale Water Supply Contracts, including but not limited to, the City of Bryant, the City of Shannon Hills, the City of Cabot, the City of Jacksonville, Salem Water Users Public Water Authority, Ridgefield Estates Public Facilities Board, and Saline County Waterworks & Sanitary Sewer Public Facilities Board was unanimously approved.

CONTRACTS/PURCHASES

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner McKenzie, after due consideration and discussion, a contract with JCON, Inc. estimated at \$221,993 to perform, within fifteen days, concrete restoration work was unanimously approved.

Upon a motion duly made by Commissioner McKenzie, and seconded by Commissioner Robertson, after due consideration and discussion, an annual software maintenance contract with Systems & Software (S&S) in the amount of \$329,078.70 was unanimously approved.

DEPARTMENT UPDATES

Finance

Mr. Mascagni provided a year-to-date financial update on utility operations.

BOARD BRIEFING

Mr. Bohannon provided an update on several matters to the Board.

Mr. Bohannon requested Board approval of a Resolution authorizing the purchase of 147 acres located on the North side of the Lake Maumelle Watershed, for a purchase price of \$793,800 (\$5,400 per acre).

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner McKenzie, after due consideration and discussion, the Resolution was unanimously approved.

Mr. Bohannon requested Board approval authorizing the purchase of 343 acres located on the South side of the Lake Maumelle Watershed, for a purchase price not to exceed \$6,700.00 per acre.

Upon a motion duly made by Commissioner McKenzie and seconded by Commissioner Robertson, after due consideration and discussion, the purchase was approved on a 6-1 vote. Those Commissioners voting aye were: Chair Smith, Commissioners Powell, Hartman, McKenzie, Robertson, and Hughes. Commissioner Kendall voted nay.

ADJOURNMENT

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Powell, the meeting was adjourned.



Eddie Powell, Secretary/Treasurer

RESOLUTION 2018-13

**A RESOLUTION TO ESTABLISH A SCHEDULE OF RATES FOR
CENTRAL ARKANSAS WATER; TO FIX THE EFFECTIVE DATE FOR
THESE RATES; AND FOR OTHER PURPOSES**

WHEREAS, The Board of Commissioners of Central Arkansas Water is vested with the authority to establish water rates for Central Arkansas Water customers; and

WHEREAS, Raftelis Financial Consultants, Inc., Central Arkansas Water's rate consultants, have completed a Rate Study and made recommendations to modify Central Arkansas Water's current schedule of rates; and

WHEREAS, water rates must be adequate to pay the principal of and interest on all debt issued by the utility, fulfill all other existing debt covenants, provide an adequate depreciation fund, and provide sufficient revenues to properly operate and maintain the waterworks system; and

WHEREAS, the Board of Commissioners, upon the recommendation of staff, finds that the rates established herein are adequate to meet the revenue requirements that include the cost of operating and maintaining the system, as well as funding for needed capital improvements.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF CENTRAL ARKANSAS WATER THAT THE RATE SCHEDULES OF CENTRAL ARKANSAS WATER ADOPTED BY RESOLUTION 2015-20 AND RESOLUTION 2014-10 SHALL BE AMENDED AND RESTATED, AS FOLLOWS:

RATE SCHEDULE
OF
CENTRAL ARKANSAS WATER

Section 1.

Effective Dates

This schedule shall become effective for water billed on or after June 1, 2019, January 1, 2020, January 1, 2021, and January 1, 2022, as hereinafter set forth unless otherwise noted.

Meter Measurement

Except for public and private fire services, all water used shall be measured through meters. The size of each meter shall be determined by Central Arkansas Water commensurate with its estimate of the amount of water to be used for the premises. One cubic foot of water is equal to 7.48 gallons weighing 62.5 pounds avoirdupois.

Section 2. Except as otherwise provided in Section 12, the following schedule of rates is hereby established by Central Arkansas Water for Residential, Commercial, Large Volume, and Irrigation customer classes inside and outside of the corporate limits of the City of Little

Rock ("LR"), Arkansas, and the City of North Little Rock ("NLR"), Arkansas, and whose water service meters are located both south (LR) and north (NLR) of the Arkansas River.

Minimum Monthly Charge

The Minimum Monthly Charge for all customers governed by this Section 2, except public and private fire service.

METER SIZE	INSIDE CITY				
	MINIMUM MONTHLY CHARGE				
(diameter)	CURRENT*	6/1/2019	1/1/2020	1/1/2021	1/1/2022
5/8"	\$ 7.85	\$ 7.85	\$ 7.85	\$ 7.85	\$ 7.85
3/4"	\$ 10.14	\$ 10.14	\$ 10.14	\$ 10.14	\$ 10.14
1"	\$ 14.41	\$ 14.41	\$ 14.41	\$ 14.41	\$ 14.41
1 1/2"	\$ 24.37	\$ 24.37	\$ 24.37	\$ 24.37	\$ 24.37
2"	\$ 39.52	\$ 39.52	\$ 39.52	\$ 39.52	\$ 39.52
3"	\$ 73.07	\$ 73.07	\$ 73.07	\$ 73.07	\$ 73.07
4"	\$ 118.85	\$ 118.85	\$ 118.85	\$ 118.85	\$ 118.85
6"	\$ 235.08	\$ 235.08	\$ 235.08	\$ 235.08	\$ 235.08
8"	\$ 397.64	\$ 397.64	\$ 397.64	\$ 397.64	\$ 397.64
10"	\$ 572.49	\$ 572.49	\$ 572.49	\$ 572.49	\$ 572.49
12"	\$ 1,042.65	\$ 1,042.65	\$ 1,042.65	\$ 1,042.65	\$ 1,042.65

*Includes up to 200 cubic feet (CF)

METER SIZE	OUTSIDE CITY				
	MINIMUM MONTHLY CHARGE				
(diameter)	CURRENT*	6/1/2019	1/1/2020	1/1/2021	1/1/2022
5/8"	\$ 10.28	\$ 10.28	\$ 10.28	\$ 10.28	\$ 10.28
3/4"	\$ 13.28	\$ 13.28	\$ 13.28	\$ 13.28	\$ 13.28
1"	\$ 18.87	\$ 18.87	\$ 18.87	\$ 18.87	\$ 18.87
1 1/2"	\$ 31.90	\$ 31.90	\$ 31.90	\$ 31.90	\$ 31.90
2"	\$ 51.73	\$ 51.73	\$ 51.73	\$ 51.73	\$ 51.73
3"	\$ 95.64	\$ 95.64	\$ 95.64	\$ 95.64	\$ 95.64
4"	\$ 155.58	\$ 155.58	\$ 155.58	\$ 155.58	\$ 155.58
6"	\$ 307.72	\$ 307.72	\$ 307.72	\$ 307.72	\$ 307.72
8"	\$ 520.51	\$ 520.51	\$ 520.51	\$ 520.51	\$ 520.51
10"	\$ 749.38	\$ 749.38	\$ 749.38	\$ 749.38	\$ 749.38
12"	\$ 1,364.83	\$ 1,364.83	\$ 1,364.83	\$ 1,364.83	\$ 1,364.83

*Includes up to 200 cubic feet (CF)

The Central Arkansas Water Board of Commissioners may, at any time by Resolution passed by a majority of the Board of Commissioners, elect to include up to 500 cubic feet of water in the Monthly Minimum Charge before the Volume Based Rates are applicable when adequate cash reserves and revenues are available to meet Central Arkansas Water's upcoming operating, maintenance, and capital expenditure requirements.

Additional Volume Based Monthly Charge

In addition to the Minimum Monthly Charge, the Table of Volume-Based Rates adopted by Resolution 2015-20 for calendar years 2019 and beyond (as set forth below) shall continue to apply to the amount of water (above the amount of water included in the Monthly Minimum Charge) delivered by Central Arkansas Water per month:

CUSTOMER CLASS	INSIDE-CITY \$ PER 100 CF 1 – 33	INSIDE-CITY \$ PER 100 CF OVER 33	OUTSIDE-CITY \$ PER 100 CF 1 – 33	OUTSIDE-CITY \$ PER 100 CF OVER 33
RESIDENTIAL	\$ 1.71	\$ 2.22	\$ 2.73	\$ 3.57
COMMERCIAL	\$ 1.60	\$ 1.60	\$ 2.56	\$ 2.56
LARGE VOLUME	\$ 1.30	\$ 1.30	\$ 2.09	\$ 2.09
IRRIGATION	\$ 1.71	\$ 2.22	\$ 2.73	\$ 3.57

Nonresident Consumers

The term “outside city” used in the foregoing rates refers to any consumer receiving service outside the municipal boundaries of the City of Little Rock and the City of North Little Rock, and to nonresident consumers and Wholesale-Metered Customers who purchase water within the municipal boundaries for transport to a point outside the municipal boundaries for use or resale.

Private Fire Services

Private fire service connections for private premises in both the City of Little Rock, Arkansas and the City of North Little Rock, Arkansas and consumers outside the municipal boundaries of each city both north and south of the Arkansas River shall pay the following annual fire service charges, effective as of the dates stated.

RATES				
	CURRENT		EFFECTIVE JUNE 1, 2019	
	INSIDE	OUTSIDE	INSIDE	OUTSIDE
FIRE HYDRANTS	\$ 79.51	\$ 115.02	\$ 79.51	\$ 115.02
AUTOMATIC SPRINKLER SYSTEM MINIMUM CHARGE (Includes 1,000 HEADS)	\$ 92.20	\$ 133.38	\$ 92.20	\$ 133.38
ADDITIONAL HEADS, EACH	\$ 0.09	\$ 0.15	\$ 0.09	\$ 0.15
STANDPIPE 1 1/4" (OR SMALLER) DIAMETER, EACH	\$ 18.03	\$ 26.10	\$ 8.03	\$ 26.10
1 1/2" DIAMETER, EACH AT	\$ 28.07	\$ 40.59	\$ 8.07	\$ 40.59
2" DIAMETER, EACH AT	\$ 46.12	\$ 66.69	\$ 6.12	\$ 66.69
2 1/2" DIAMETER, EACH	\$ 92.20	\$ 133.38	\$ 92.20	\$ 133.38

Section 3. Inside City Residential accounts with a single house meter (no sprinkler meter) using 100, 200 or 300 cubic feet of monthly usage shall be given a **Conservation Rate Discount** of 15%. The discount shall not apply to zero consumption billings.

Section 4. The **Watershed Protection Fee** of \$0.45 per month per 5/8" or 3/4" equivalent meter will continue as implemented in 2009 until June 1, 2019, when it shall increase to \$0.60 per 5/8" or 3/4" equivalent meter. Thereafter the Board of Commissioners of Central Arkansas Water, at its discretion, in order to provide sufficient funding to acquire land to prevent degradation of the water quality within the water supply lakes, may increase the Watershed Protection Fee to \$0.75 as of January 1, 2020, and to either \$0.75 or \$0.90 per month per 5/8" or 3/4" equivalent meter effective January 1, 2021. The Watershed Protection Fee will accumulate to establish a fund that may be used for land purchases, to service the debt on larger land purchases, and/or fund the administration of the Watershed Protection Program.

METER SIZE (diameter)	WATERSHED PROTECTION FEE			
	CURRENT	6/1/2019	If increased to \$0.75	If increased to \$0.90
5/8"	\$ 0.45	\$ 0.60	\$ 0.75	\$ 0.90
3/4"	\$ 0.45	\$ 0.60	\$ 0.75	\$ 0.90
1"	\$ 0.68	\$ 0.90	\$ 1.13	\$ 1.35
1 1/2"	\$ 1.13	\$ 1.50	\$ 1.88	\$ 2.25
2"	\$ 2.25	\$ 3.00	\$ 3.75	\$ 4.50
3"	\$ 3.60	\$ 4.80	\$ 6.00	\$ 7.20
4"	\$ 6.75	\$ 9.00	\$ 11.25	\$ 13.50
6"	\$ 11.25	\$ 15.00	\$ 18.75	\$ 22.50
8"	\$ 22.50	\$ 30.00	\$ 37.50	\$ 45.00
10"	\$ 36.00	\$ 48.00	\$ 60.00	\$ 72.00

Section 5. The following schedule of rates is established by Central Arkansas Water for Wholesale-Metered Customers, whether such Wholesale-Metered Customers are located within or without the political boundaries of any retail area served by Central Arkansas Water, whose rates are determined in accordance with nationally accepted cost of service rate setting standards for the water industry.

Such Wholesale-Metered Customers shall pay a Minimum Monthly Charge in accordance with Section 2 and an additional amount determined by the following volume based rates for all water delivered each month by Central Arkansas Water, effective as of January 1, 2019 and June 1, 2019.

TIME WATER IS TAKEN	RATES FOR WHOLESALE-METERED CUSTOMERS	
	EFFECTIVE 1/1/2019	EFFECTIVE 6/1/2019
	\$ PER 100 CF	\$ PER 100 CF
ON PEAK Customers taking any water from: 4:01am to 8:59am and/or 5:01pm to 9:59pm	\$ 1.65	\$ 1.65
OFF PEAK Customers taking all water from: 10pm to 4am and/or 9am to 5pm	\$ 1.52	\$ 1.52

The **Watershed Protection Fee**, pursuant to Section 4 herein, shall not apply to the sale of water by Central Arkansas Water to Wholesale-Metered Customers at the wholesale meter(s), but instead each Wholesale-Metered Customer shall pay the Watershed Protection Fee monthly based on the number of individually metered customers (at each applicable meter size) of the Wholesale-Metered Customer as of December 15 of the prior year, as well as those of any subsequent wholesale purchasers from the Wholesale-Metered Customer. Wholesale-Metered Customers obtaining less than one hundred percent (100%) of their total supply from Central Arkansas Water will pay only a proportional share of the Watershed Protection Fee based on the percentage of water supplied by Central Arkansas Water compared to the total amount of water utilized by the Wholesale-Metered Customer each month. If a Wholesale-Metered Customer takes less than the required minimum amount of water pursuant to the contract between the Wholesale-Metered Customer and Central Arkansas Water, the allocation for determining the amount of the Watershed Protection Fee to be paid shall be based on the required minimum under the contract, not the amount of water actually taken by the Wholesale-Metered Customer. Wholesale-Metered Customers shall report no later than the 23rd day of December each year the total metered consumption for their system and any consecutive system for the previous twelve (12) months ending November 30, and the number of active meters by size on the 15th day of December. If a Wholesale-Metered Customer fails to report the total metered consumption and number of active meters by size by noon on the 23rd day of December, Central Arkansas Water shall assume that the Wholesale-Metered Customer received 100 percent of its water from Central Arkansas Water during the prior 12 month period, and that the number of active meters increased by twenty-five percent until the month following the month in which the Wholesale-Metered Customer submits the required report. Wholesale-Metered Customers may pass the Watershed Protection Fee through directly or include it in their rates. Each Wholesale-Metered Customer must assure that each and every wholesale customer of the Wholesale-Metered Customer is paying the applicable amount of Watershed Protection Fees each month in accordance with the requirements of and calculations provided for in this Section 5.

Section 6. The following schedule of rates is hereby established by Central Arkansas Water for Raw Water Customers.

All Raw Water Customers purchasing raw water shall pay a Minimum Monthly Charge in accordance with Section 2 (inside or outside) and an additional amount determined by the following rates for all water, effective as of the dates stated.

	RAW WATER RATES	
	EFFECTIVE 1/1/2019	EFFECTIVE 6/1/2019
	\$ PER 100 CF	\$ PER 100 CF
Raw Water Customer	\$ 0.66	\$ 0.66

Section 7. Bills for service shall be rendered and paid monthly, with the exception of payments for private fire service and Wholesale-Metered Customers. Payments for private fire service shall be due in semi-annual installments in advance of the first (1st) day of January and July of each year. For Wholesale-Metered Customers, bills for service shall be rendered and paid monthly in accordance with the terms and conditions of the agreement for the purchase and sale of surplus water between Central Arkansas Water and the Wholesale-Metered Customer.

Section 8. Commencing 6/1/2019, each bill sent by Central Arkansas Water to any customer shall include a "billing fee" of \$1.92 per bill per month. The billing fee shall be reduced to \$1.42 per month for those customers who agree to receive electronic, rather than paper, bills. And, following implementation of the new customer information system (expected to be completed in the second quarter of 2020) and a change to the Paymentus payment system, the billing fee shall be reduced by up to an additional \$0.20 per month for those customers who agree to pay by recurring auto-draft each month. The billing fee shall be reduced by \$0.87 per month when the debt issued in 2018 to pay for the new customer information system is retired.

Section 9. For customers other than Wholesale-Metered Customers, a penalty of ten percent (10%) shall be added to a customer bill not paid before the 20th day following the billing date. If a bill is not paid within 30 days after the billing date, service for the affected premise or customer, together with all other premises or accounts in the name of the same customer, may be disconnected. In such event, Central Arkansas Water may levy a reconnection charge for each account disconnected. For Wholesale-Metered Customers, a penalty of ten percent (10%) shall be added to a Wholesale-Metered Customer bill not paid before the 20th day following the billing date. If a bill is not paid within 30 days after the billing date, service for the affected Wholesale-Metered Customer may be restricted, limited or even fully disconnected, at Central Arkansas Water's discretion. In such event, Central Arkansas Water may levy a service charge for installation and removal of each device installed to restrict or limit flow or a reconnection charge for each metered disconnected in the case of disconnection.

Section 10. Repealer. Except as otherwise provided in Sections 1 and 12, and with the understanding that current rates shall remain in effect until the effective date of the new rates established by this Resolution, all previous rate schedule Resolutions are hereby repealed as of the effective date of the rate schedules established herein.

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

Section 12. Definitions. The customer classes described in this Resolution shall be defined as follows:

"Commercial" shall mean all customers receiving water service at (i) a building containing two or more apartments or family units that are rented or leased to tenants as residences and are not separately metered; (ii) a building occupied by a retail or service business; (iii) a building owned or occupied by a public utility, a department of a municipality, or a state or federal governmental agency; or (iv) a non-residential customer that does not fit the definition of a Large Volume Class customer.

"Irrigation" shall mean all customers receiving separately-metered water service used exclusively for irrigation sprinkler systems or other outdoor purposes.

"Large Volume" shall mean any commercial customer (i) who uses at least 1,500,000 cubic feet of water per meter during the 12-month period from September 1 to August 31; or (ii) who agrees to take or pay for a minimum of 125,000 cubic feet of water per meter per month on

an annual basis. Customers who qualify for Large Volume service described in (i) above shall be assigned to the Large Volume Class for the calendar year beginning the following January.

“Raw Water Customers” shall mean all customers receiving raw (untreated) rather than potable water pursuant to a special arrangement with Central Arkansas Water.

“Residential” shall mean all customers receiving water service at a single building or building unit that is owned, leased, or rented by one party, separately metered, and occupied as a residence.

“Wholesale-Metered Customer” shall mean any entity regulated by the Arkansas Department of Health as a “public water system” purchasing water from Central Arkansas Water pursuant to a written agreement for the purchase and sale of surplus water to which Wholesale rates apply. Any public water system acquiring water from Central Arkansas Water without a written agreement for the purchase and sale of surplus water shall be charged the rates applicable to the “outside the city” Commercial customer class, as established in accordance with Sections 2 of this Resolution, as amended from time to time.

Section 12. This Resolution shall be in effect upon its adoption and approval.

Section 13. A copy of this Resolution shall be filed in the corporate offices of Central Arkansas Water where it will be available for public inspection.

ADOPTED: December 20, 2018

Attest:



Eddie Powell, Secretary/Treasurer

APPROVED:



Carmen Smith, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Eddie Powell, Secretary/Treasurer of Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-13 of the Resolutions of Central Arkansas Water, entitled: **A RESOLUTION TO ESTABLISH A SCHEDULE OF RATES FOR CENTRAL ARKANSAS WATER; TO FIX THE EFFECTIVE DATE FOR THESE RATES; AND FOR OTHER PURPOSES**, adopted December 20, 2018

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of December, 2018.



Eddie Powell, Secretary/Treasurer
Central Arkansas Water Board of Commissioners

RESOLUTION 2018-14

A RESOLUTION APPROVING AMENDMENTS TO CENTRAL ARKANSAS WATER'S WATER SUPPLY CONTRACTS WITH ITS WHOLESALE WATER PARTNERS; AND FOR OTHER PURPOSES.

WHEREAS, over the last several decades, Central Arkansas Water ("CAW") has entered into water supply contracts with multiple wholesale partners for the sale of treated water by CAW to such wholesale partners including but not limited to the City of Bryant, the City of Shannon Hills, the City of Cabot, the City of Jacksonville, Salem Water Users Public Water Authority, Ridgefield Estates Public Facilities Board, and Saline County Waterworks & Sanitary Sewer Public Facilities Board ("Wholesale Partners"); and

WHEREAS, CAW recognizes the economic benefit that such relationships offer CAW in providing treated water to all of its retail and wholesale customers; and

WHEREAS, contemplated revisions to such contracts with Wholesale Partners will permit CAW to reclassify Wholesale Partners within a more populated rate classification, to reward Wholesale Partners that rely on CAW for the vast majority of their wholesale water purchases, and to reduce problematic usage peaking that occurs from time to time; and

WHEREAS, such revisions will ensure a more stable and predictable arrangement for the sale of wholesale water for both CAW and Wholesale Partners in the years to come.

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

Section 1. Amendments to the water supply contracts with each of Wholesale Partners are hereby approved, and the Chief Executive Officer is hereby authorized to execute such amendments.

Section 2. This Resolution shall be in effect upon its adoption and approval.

Section 3. A copy of this Resolution shall be filed in the administrative offices of CAW, where it will be available for public inspection.

ADOPTED: [December 20, 2018]

Attest:

APPROVED:



Eddie Powell, Secretary/Treasurer



Carmen Smith, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Eddie Powell, Secretary of the Board of Commissioners, Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-14 of the Resolutions of Central Arkansas Water, entitled: **A RESOLUTION APPROVING OF AMENDMENTS TO CENTRAL ARKANSAS WATER'S WATER SUPPLY CONTRACTS WITH WHOLESALE WATER PARTNERS; AND FOR OTHER PURPOSES**, adopted December 20, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of December 2018.



Eddie Powell, Secretary/Treasurer
Central Arkansas Water Board of Commissioners

RESOLUTION 2018-15

RESOLUTION AUTHORIZING PURCHASE OF PROPERTY; AND FOR OTHER PURPOSES

WHEREAS, Central Arkansas Water ("CAW") entered into a contract (the "Contract") for the purchase by CAW from David R. Bruning and Jacki J. Bruning of approximately one hundred forty-seven (147) acres of real property within the Lake Maumelle Watershed (the "Property") for Seven Hundred Ninety-Three Thousand Eight Hundred And 00/100 Dollars (\$793,800.00) (the "Purchase Price"); and

WHEREAS, the Contract is subject to approval of the Board of Commissioners of Central Arkansas Water (the "Commission"); and

WHEREAS, the Board of Commissioners based upon the recommendations of staff, has determined that it is in the best interest of CAW and its ratepayers to acquire the Property for the Purchase Price to protect water quality within Lake Maumelle.

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

Section 1. The Contract and the purchase of the Property upon and in accordance with the terms of the Contract are hereby approved, and the actions of the Chief Executive Officer in executing the Contract are hereby ratified in full.

Section 2. Each of the Chief Executive Officer, the Chief Operating Officer, and the Chief Financial Officer is hereby authorized and directed, as necessary or required, to deliver the Purchase Price monies and to execute and acknowledge documents as necessary for the purchase of the Property and to consummate the transaction.

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

Section 4. A copy of this Resolution shall be filed in the corporate offices of CAW where it will be available for public inspection.

ADOPTED: [December 20, 2018]

Attest:



Eddie Powell, Secretary/Treasurer

APPROVED:




Carmen Smith, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Eddie Powell, Secretary/Treasurer of the Board of Commissioners, Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-15 of the Resolutions of Central Arkansas Water, entitled: **A RESOLUTION AUTHORIZING PURCHASE OF PROPERTY, AND OTHER MATTERS RELATED THERETO**, adopted December 20, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of December 2018.



Eddie Powell, Secretary/Treasurer
Central Arkansas Water

RESOLUTION 2018-16

**RESOLUTION AUTHORIZING PURCHASE OF PROPERTY; AND
OTHER MATTERS RELATED THERETO**

WHEREAS, staff of Central Arkansas Water ("CAW") currently is negotiating the purchase by CAW from PottlatchDeltic Timber, LLC of approximately Three Hundred Forty-Three (343) Acres of Real Property within the Lake Maumelle Watershed (the "Property"); and

WHEREAS, the Board of Commissioners based upon the recommendations of staff has determined that it is in the best interest of CAW and its ratepayers to acquire the Property to protect water quality within Lake Maumelle.

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

Section 1. The purchase of the Property for the Purchase Price upon reasonable terms including a purchase price not to exceed Six Thousand Seven Hundred Dollars (\$6,700.00) per acre is hereby approved.

Section 2. Each of the Chief Executive Officer, the Chief Operating Officer, and the Chief Financial Officer is hereby authorized and directed, as necessary or required, to deliver the Purchase Price monies and to execute and acknowledge documents as necessary to enter a contract for the purchase of the Property and to consummate the transaction.

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

Section 4. A copy of this Resolution shall be filed in the corporate offices of CAW where it will be available for public inspection.

ADOPTED: [December 20, 2018]

Attest:



Eddie Powell, Secretary/Treasurer

APPROVED:



Carmen Smith, Chair

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

I, Eddie Powell, Secretary/Treasurer of the Board of Commissioners, Central Arkansas Water, do hereby certify that the foregoing is a true and correct copy of Resolution 2018-16 of the Resolutions of Central Arkansas Water, entitled: **A RESOLUTION AUTHORIZING PURCHASE OF PROPERTY, AND OTHER MATTERS RELATED THERETO**, adopted December 20, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of December 2018.



Eddie Powell, Secretary/Treasurer
Central Arkansas Water