

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

January 13, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, January 13, 2005, in the Third Floor Board Room of the Capitol Avenue Utilities Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Dale Russom, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Allen Vincent, Director of Information Services
Mr. Jeff Eades, Information Service Technician II
Ms. Hong Sun, Data Base Coordinator
Ms. Connie Horn, Management Secretary
Ms. Kathy Graves, Attorney for CAW

Also in attendance:

Little Rock Vice Mayor Barbara Graves, Liaison to the CAW Board
Mr. Lee Bodenhamer, property owner in the Lake Maumelle Watershed
Mr. Gary Heathcott, President of Heathcott Associates
Mr. Marcus Howard, reporter with *The Times* of North Little Rock
Mr. Mark Matthews, photographer
Mr. Norvell Plowman, attorney representing a property owner in the Lake Maumelle Watershed
Mr. Kirby Rowland, Vice President of Garver Engineers, L.L.C.

Call to Order of January 13, 2005, Meeting

Mr. Eddie Powell, Chair, called to order the January 13, 2004, meeting of the Board of Commissioners. He welcomed guests and asked Mr. Jim Harvey, Chief Executive Officer, to introduce the guests.

Recognition of Employees

Mr. Harvey commended two employees for their recent academic achievements and participation in the CAW Tuition Reimbursement Program:

- Mr. Jeff Eades, Information Service Technician II, received a Bachelor's Degree in Management Information Systems in December 2004 from the University of Arkansas at Little Rock (UALR). He graduated with a 3.79 grade point average (GPA) and received a College of Business scholarship.
- Ms. Hong Sun, Data Base Coordinator, received a Master's Degree in August 2004 in Computer Science from UALR. She maintained a 3.8 GPA during her graduate studies. Ms. Sun also received UALR's Excellence in Computer Science Award.

Chair Powell congratulated both employees on their achievements and stated that the Water Commission and utility are very proud of them. Mr. Harvey added that Mr. Eades maintains the utility's wide area network (WAN) of more than 250 personal computers and provides a tremendous level of technical support for all departments. He said Ms. Sun develops programming applications, maintains our Geographic Information System (GIS) servers, and manages the tremendous amount of data in our GIS system.

Chair Powell said he had received a "thank-you" card from employees in the Customer Service Office-Section expressing appreciation to the Board for the 2005 Pay Plan adjustments that the Board recently approved.

Chair Powell also said he had received a letter of resignation, dated December 29, 2004, from Ms. Alma Williams, Commissioner. The Board accepted with regret her resignation, which was to be effective immediately and which creates a vacancy on the Board.

Approval of Board Minutes

Chair Powell called for a motion to approve the minutes to the December 9, 2004, meeting. Upon a motion duly made and seconded, the Board approved the minutes.

Land Purchase

Mr. Steve Morgan updated the Board on the purchase of a 160-acre tract owned by Ms. Dorothy Pearson and located one-quarter mile from Lake Maumelle. Mr. Morgan reminded the Board that CAW had offered to purchase the land, located with Zone 2 of the watershed, from Ms. Pearson in 2002 but withdrew the offer because of a legal challenge to property ownership. He said CAW legal counsel recently advised that title to the property is now clear and the property is available for purchase. Mr. Morgan said Ms. Pearson has agreed to sell the property to CAW at the 2002 appraisal amount of \$576,000.

Upon a motion duly made by Ms. M. Jane Dickey, Commissioner, and seconded by Ms. Francille Turbyfill, Commissioner, the Board approved the property purchase.

Approval of Contracts/Agreements

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

- a. Agreement for annual electrical engineering services at a cost not to exceed \$300,000 contract with Garver Engineers, L.L.C. (The original agreement was for one year, with options for four one-year incremental renewals. This renewal is the third.)
- b. Change Order #2 in the amount of \$65,850 to the contract with Koontz Electric, Inc., for

the replacement of approximately 600 linear feet of electrical cable from the generator building to the motor controller building at the Lake Maumelle Pumping Station

- c. A contract with EMA, Inc., for \$196,670 for the development of an Information Technology Master Plan
- d. The low bid of \$700,000 from Kajacs Contractors, Inc., for the construction of a 20-inch-diameter water main under Interstate 40, west of the John F. Kennedy Boulevard Bridge in North Little Rock
- e. The low bid of \$2,036,291 from Henley Construction, Inc., for the installation of approximately 3,670 linear feet of 20-inch-diameter water line; 6,760 linear feet of 12-inch-diameter water line; and a connection to the 30-inch-diameter water main along Crystal Hill Road in North Little Rock

Finance & Customer Service Department Update

Mr. Gary Pittman, Chief Financial Officer, updated the Board on the organizational structure and operations of the Finance & Customer Service Department.

Mr. Pittman told the Board that a Management Letter did not accompany the 2003 independent audit report, which means the auditors could not find concerns about the utility's accounting and financial practices. He further noted the care and pride that the Finance Section takes in its role as stewards of the utility's financial records.

He also said the Customer Service Section's goal is giving the customer "World Class Customer Service" and, according to consumer surveys, comment cards from customers, and operational statistics, the department is succeeding in that commitment.

Regionalism Report

Mr. Steve Morgan, Director of Regionalism & Future Water Source, reported that the City of Cabot is in the process of finalizing its loan with the Arkansas Soil and Water Conservation Commission. He said the loan will enable the city to pay its proportionate share of the cost of the North Belt Transmission Main that will run across the Arkansas River and provide water to the City of Jacksonville and areas north of CAW's service area. (The City of Cabot receives its water supply from municipal wells. The city plans to abandon the wells by 2011 and begin taking all of its water from CAW.)

Mr. Morgan also reported he is currently working with the owners of two parcels of land located within the Lake Maumelle Watershed. He said he hopes to provide more information to the Board in the near future.

Board Briefing

Mr. Harvey briefed the Board on the following:

- The Pulaski County court hearing on the condemnation of acreage in the Lake Maumelle Watershed

- The drafting of a letter of request for a meeting with representatives of companies that currently have telecommunications tower installations on CAW facilities (The meeting would be to discuss future agreements/)
- The McAlmont Volunteer Fire Department received a Class 5 fire insurance rating in its recent inspection. The new rating is a three-point upgrade from the independent rating agency, Insurance Services Organization, Inc., and is due to upgrades of equipment and facilities by the fire department and improvements in the water system by CAW.
- Mr. Harvey said staff had been working on several public education elements related to the Lake Maumelle Watershed Protection Plan and deferred to Ms. Marie A. Crawford, Director of Communications, to share more information.

Ms. Crawford said the Pulaski Conservation District had asked CAW to partner with the agency in applying for a 319 Mini-Grant from the U.S. Environmental Protection Agency. She said the grant application was successful and would fund a “Don’t Runoff” public education initiative to share information about “nonpoint source pollution” with property owners in the Lake Maumelle Watershed. She said the Conservation District within the next few weeks would conduct three consecutive mailings to property owners and would follow up with a survey.

Ms. Crawford also presented the design and components of the new watershed protection information link for the CAW web site.

She said both the Conservation District project and web-site link would provide very useful information to the public about preventing and reducing nonpoint source pollution in Lake Maumelle.

- The American Water Works Association’s Annual Conference & Exposition will be in San Francisco, California, June 11 – 16, 2005.

Executive Session

The Board adjourned the Open Session and convened in Executive Session. Upon reconvening in Open Session, Chair Powell stated that the Board would take no action.

Adjournment

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

Minutes of a Special Meeting
Board of Commissioners
Central Arkansas Water

January 20, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a Special Meeting at 11:30 a.m. Thursday, January 20, 2005, in the Third Floor Board Room of the Capitol Avenue Utilities Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Ms. Marie A. Crawford, Director of Communications
Ms. Connie Horn, Management Secretary
Ms. Kathy Graves, Attorney for CAW

Also in attendance:

Mr. Jay Hartman, candidate for vacant Commission position

Call to Order of January 20, 2005, Meeting

Mr. Eddie Powell, Chair, stated that the purpose of the called meeting was to interview a candidate for the vacant position on the Board. The Board interviewed Mr. Jay Hartman, a Little Rock resident who has extensive involvement in community and utility affairs. Mr. Hartmann is Manager of Resource and Operations for Entergy Arkansas, Inc., and involved with Leadership Greater Little Rock, the Little Rock Regional Chamber of Commerce, Metroplan Local Council of Governments, and the University of Arkansas at Little Rock.

Executive Session

Following the interview, the Board adjourned the Open Session and convened in Executive Session to discuss the appointment.

At this point, Mr. Mr. Tony Kendall, Commissioner, joined the meeting.

Upon reconvening in Open Session, Chair Powell stated that the Board would take no action at this time.

Hiring of Lobbyist for Legislative Session

Chair Powell asked for discussion on the hiring of a legislative lobbyist to work on behalf of CAW during the 2005 session of the Arkansas General Assembly. Chair Powell

stated that a property owner within the Lake Maumelle Watershed has hired a lobbyist to promote legislation that would deny CAW, as a governmental entity, the right of eminent domain to protect public interests. Dr. Roby Robertson, Commissioner, and Dr. Thomas W. Rimmer, Vice Chair, urged the Board due to this fact to hire a lobbyist to represent CAW as soon as possible.

After some discussion, the Board decided that Chair Powell would confer with Ms. Kathy Graves, attorney for CAW, to assist in hiring a legislative lobbyist.

Board members agreed to meet in a special telephone conference call session at 1 p.m. Monday, January 24, 2005, to make a decision as to filling the vacant position on the Board of Commissioners.

Adjournment

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

Minutes of a Special Meeting
Board of Commissioners
Central Arkansas Water

January 24, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a Special Meeting via telephone conference call at 1 p.m. Monday, January 24, 2005, in the Third Floor Board Room of the Capitol Avenue Utilities Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present by telephone conference:

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

Absent:

Dr. Thomas W. Rimmer, Vice Chair

CAW staff in attendance:

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer
Mr. Dale Russom, P.E., Chief Operating Officer
Ms. Marie A. Crawford, Director of Communications
Ms. Connie Horn, Management Secretary

Call to Order of January 24, 2005, Meeting

Mr. Eddie Powell, Chair, stated that the purpose of the called meeting was to consider the nomination of Mr. Jay Hartman for the position of Commissioner.

Upon a motion duly made by Dr. Roby Robertson, Commissioner, and Ms. M. Jane Dickey, Commissioner, the Board approved the motion.

Commissioner Robertson said that he believes Mr. Hartman is well qualified for the position and will be of benefit to the Board.

Chair Powell directed staff to send a letter of request for confirmation of the appointment to the cities of Little Rock and North Little Rock.

Adjournment

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

RESOLUTION 2005-01

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

WHEREAS, the term of Ms. Alma Williams, a member of the Board of Commissioners, Central Arkansas Water ("CAW Board"), expired on June 30, 2009; and

WHEREAS, Ms. Williams due to other commitments submitted her resignation from the Board, as of December 29, 2004; 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. Jay Hartman to fulfill the remaining years of the unexpired term, 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, and that his term of office shall be through June 30, 2009.

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.

CERTIFICATE

I, Francille Turbyfill, Secretary of the Board of Commissioners, Central Arkansas Water, certify that, as such Secretary, I have custody of the Minutes and documents of Central Arkansas Water, and that the above and foregoing is a correct copy of a resolution adopted by said Board of Commissioners at a special meeting held January 24, 2005.

Francille Turbyfill, Secretary

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

February 10, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, February 10, 2005, in the Third Floor Board Room of the Capitol Avenue Utilities Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer
Mr. Dale Russom, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW
Mr. Blake Rutherford, Attorney for CAW
Mr. Bruce McMath, Attorney for CAW

Also in attendance:

Ms. Jennifer Akers, reporter for KLRT-TV, Channel 16
Mr. Lee Bodenhamer, property owner in the Lake Maumelle Watershed
Mr. Dee Brown, P.E., Manager of Electrical Engineering for Garver Engineers, L.L.C.
Mr. Craig Douglass with Craig Douglass Communications, a public relations firm representing Deltic Timber Corporation
Ms. Amy Fox, reporter for KTHV-TV, Channel 11
Little Rock Vice Mayor Barbara Graves, Liaison to the CAW Board
Mr. Richie Hambuchen, builder
Mr. Jay Hartman, Appointee to CAW Board
Mr. Gary Heathcott, President of Heathcott Associates
Mr. Marcus Howard, reporter with *The Times* of North Little Rock
Mr. Hal Kemp, attorney for Rick Ferguson, developer
Mr. Frank Lambright, CAW customer
Mr. Chuck Nestrud, attorney with Chisenhall, Nestrud & Julian law firm, which represents Deltic Timber Corporation
Ms. Kathleen Oleson, representative of the League of Women Voters of Pulaski County
Ms. Joy Pensinger, Coordinator for Pulaski County Quorum Court
Mr. Norvell Plowman, attorney representing a property owner in the Lake Maumelle Watershed
Mr. Kirby Rowland, Vice President of Garver Engineers, L.L.C.
Mr. Hans Schroeder, photographer for KLRT-TV, Channel 16
Mr. Tim Shaw, Executive Director of Community Water System
Mr. Doug Smith, columnist and reporter with the *Arkansas Times*
Mr. Ken Smith, Executive Director of Audubon Arkansas

Ms. Jeannie Williams, CAW customer
Mr. Darren Wewers and Mrs. Julie Wewers, CAW customers
Mr. Chris Whitebeck, photographer with KTHV-TV, Channel 16
Ms. Jill Zeman, reporter for the Arkansas *Democrat-Gazette*

Call to Order of February 10, 2005, Meeting

Mr. Eddie Powell, Chair, called to order the February 10, 2005, meeting of the CAW Board of Commissioners. He welcomed guests to the meeting.

Approval of Board Minutes

Chair Powell called for a motion to approve the minutes to the January 13, 2005, regular meeting; the January 20, 2005, special called Meeting; and the January 24, 2005, special conference telephone call meeting.

Request for Private Service Line

Mr. Dale Russom, P.E., Chief Operating Officer, told the Board that Mr. Darren Wewers and Mrs. Julie Wewers of 6423 Wilton Lane Little Rock, AR 72223 Mills Mountain Road in West Pulaski County, has requested a private service line agreement with CAW. He said staff had looked at the location of the property and determined that the Wewers' property met only one of the five qualifications for a private service line agreement; therefore, staff denied the request.

The Wewers asked the Board to review their request and allow them to cross a third party's private property for temporary access to a CAW water line. Mr. Russom explained that CAW policy requires that the property to be served have frontage on the public right-of-way.

After some discussion, the Board asked staff to talk further with the Wewers about the option of an interim agreement. The Board discussed that the interim agreement would allow the couple to have temporary access to a public water main across the land of another property owner but would give the couple a defined time period to work toward eliminating the private service line and connecting to a public water main on which the Wewers have frontage.

Resolution of Appreciation for Task Group for Watershed Management

Mr. Harvey presented a draft resolution of appreciation recognizing the Task Group for Watershed Management. He stated that Task Group members had worked very hard and had spent a lot of time in preparing recommendations to include in their report. He added that the Task Group had made very good recommendations and that CAW staff agrees with the recommendations. Mr. Harvey said that staff recommends the Board approve the resolution of appreciation.

Chair Powell read the resolution and stated that the Board does accept the Task Group's full set of recommendations and that CAW will begin immediate implementation of the recommendations.

Upon a motion duly made by Mr. Tony Kendall, Commissioner, and seconded by Mr. Tom Rimmer, Vice Chair, the motion was approved.

Discussion of Watershed Protection Plan

Ms. M. Jane Dickey, Commissioner, said that the recommendations from the Task Group are very complex and require a number of different actions by both the Commission and

staff. She added that CAW has made progress on some of the recommendations already, such as developing a job description for the Watershed Coordinator position that was in the Task Group's recommendations.

(Mr. Roby Robertson, Commissioner, joined the meeting.)

Commissioner Dickey stated that she would like for the Watershed Protection Plan to be more than just an engineering report. She said the report also should include perspectives from all of the different groups that have an interest in the watershed.

Commissioner Dickey further stated that CAW staff has done a wonderful job on developing a plan, but the Board needs to be more involved in the development of any future watershed protection plans, as recommended in the Task Group report.

Proposal from Deltic Timber Corporation

Chair Powell said Commissioners the previous day had received a land-development proposal from Deltic Timber Corporation and would like time to give the proposal full consideration. He added that the proposal is another step in discussions with Deltic.

Chair Powell stated that before CAW can go further with a proposal, CAW needs to have its consultants and Deltic's consultants work out a plan. He further stated that if the consultants are not able to come to an agreement, unbiased third party consultant could develop a watershed use plan between CAW and Deltic.

Ms. Jeannie Williams, a CAW customer and real estate professional, asked the Board not to compromise on the water quality of Lake Maumelle.

Mr. Frank Lambright, a CAW customer, asked why the Commission would want to negotiate with a party that is trying to reduce the Commission's authority.

Chair Powell responded that the Board has a responsibility to listen to all information on the water quality of Lake Maumelle.

Mr. Ken Smith, Executive Director of Audubon Arkansas, asked whether CAW already has a plan to protect the water quality of Lake Maumelle.

Mr. Harvey responded that the Board of Commissioners, Little Rock Municipal Water Works, originally adopted a plan in 1998 and the CAW Board re-affirmed the plan in 2003. He added that the plan is a very good start on which to build a more comprehensive plan.

Commissioner Dickey said she was impressed with the materials Deltic provided in its proposal, but she is not knowledgeable about the scientific side of the issue. She added that she wanted to clearly express that she believes it would be inappropriate for the Board to consider this particular development by itself. She further stated that she believes the first responsibility of the Board is to look at recommendations of the Task Group. Commissioner Dickey said that she would like to see a more comprehensive watershed protection plan. Commissioner Dickey said that the Board should not discuss at this meeting the specific development that is currently on the table.

Commissioner Dickey asked that staff develop a scope of work that the Board can use in its consideration of a more comprehensive watershed protection plan. There also was discussion about the scope of work being ready for the Board's March 2005 meeting.

Commissioner Robertson said the Board has to think of long-term issues that deal with the watershed and CAW. He also said that the Board must be stewards of the utility and the

public water. He further stated that, as a commission, the Board cannot give up the authority and tools that help in managing the watershed.

Commissioner Dickey made a motion that the Commission officially opposes Senate Bill (SB) 230 of the 85th Arkansas General Assembly and opposes any other legislation that would in any way limit the authority of CAW to deal with the water system, including management of the watershed and two raw-water reservoirs (Lake Maumelle and Lake Winona).

Upon a motion duly made by Commissioner Dickey and seconded by Ms. Francille Turbyfill, Secretary/Treasurer, the motion was unanimously approved.

Pulaski Area Geographic Information System (PAgis)

Mr. Russom reported to the Board on revisions in the interlocal agreement/bylaws between CAW and PAgis. He said the revisions are necessary for PAgis to meet Internal Revenue Service requirements that will allow PAgis employees to become members of the Arkansas Public Employees Retirement System (APERS).

Upon a motion duly made by Commissioner Dickey and seconded by Vice Chair Rimmer, the Board authorized staff to make the necessary revisions in the agreement/bylaws.

Approval of Contracts/Agreements

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

- a. A contract with Koontz Electric for \$249,942 for the installation of a backup control panel at the Jack H. Wilson Water Treatment Plant
- b. The purchase of 10 vehicles for a total of \$150,959 from various vendors under the State of Arkansas Cooperative Purchasing Program

Regionalism Report

Mr. Steve Morgan updated the Board on the following regionalism issues:

- CAW signed closing papers during the week with Ms. Dorothy Pearson on the purchase of 160 acres in Zone 2 of the Lake Maumelle Watershed.
- Maumelle Water Corporation at Roland has shown interest in purchasing either supplemental water from CAW or using CAW as its sole source of supply. Mr. Morgan said he will meet next week with representatives of the water association.
- Representatives of the Maumelle Suburban Improvement District #500, which serves the City of Maumelle, have indicated interest in purchasing water from CAW.
- Mr. Tim Shaw, Executive Director of Community Water System, has submitted to the Arkansas Rural Water Association's Board of Directors a letter stating his opposition to SB 230 and has requested that the association re-consider its support of SB 230. Mr. Morgan said the Rural Water Association Board will re-consider the issue in a February 14, 2005, conference call meeting.

Board Briefing

Mr. Harvey briefed the Board on the following:

- Customer Lambright had sent a letter to CAW in opposition to SB 230.
- CAW's Employees Safety Team is looking into security concerns related to telecommunication antennae installations on various CAW properties. The review is in preparation for a meeting between CAW and telecommunications company that have antennae on utility properties. The security concern relates to the number of non-CAW personnel who have access to the properties.
- There is strong opposition to SB 230. Mr. Harvey distributed a list of mayors, public officials, political groups, environmental organizations, and professional associations that oppose the legislation. He also noted there is an on-line petition by citizens and customers.
- Staff is working on an agenda for the Commission's March 5, 2005, retreat.

Public Comments

Ms. Kathleen Oleson of the League of Women Voters of Pulaski County thanked the Board for its response to the recommendations of the Task Group for Watershed Management. She also thanked Commissioners for the recognition of the time and effort put forth by the Task Group.

Ms. Oleson asked whether the CAW Board and staff are in complete agreement with all of the Task Group's recommendations.

Mr. Harvey responded that staff still is preparing a response to the recommendations and addressing each issue individually. He added that a response on the Task Group recommendations should be ready for next month's meeting.

Adjournment

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



RESOLUTION – 2005-02

RESOLUTION OF APPRECIATION FOR PARTICIPATION IN THE TASK GROUP FOR WATERSHED MANAGEMENT

WHEREAS, the Board of Commissioners , Central Arkansas Water (CAW) established the Task Group for Watershed Management for the purpose of reviewing the watershed plan for Lakes Maumelle and Winona, providing a community perspective on the watershed plan, and making recommendations on the watershed plan to the Board of Commissioners, CAW ; and

WHEREAS, the Task Group’s recommendations to develop a comprehensive watershed plan encompasses a thorough evaluation of existing CAW resources, as well as future areas of need; and

WHEREAS, officials from governmental and non-governmental agencies around Arkansas have given generously of their time and experience in furthering the goals of the Task Group for Watershed Management; and

WHEREAS, the Board of Commissioners, CAW has received several recommendations from the Task Group for Watershed Management.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners, CAW extends its heartfelt appreciation to all the individuals who participated in the Task Group for Watershed Management for their energy, enthusiasm, and commitment to furthering the goals and mission of Central Arkansas Water.

BE IT FURTHER RESOLVED THAT the Board of Commissioners, CAW approves the recommendations of the Task Group for Watershed Management and agrees to begin immediate implementation of these recommendations.

FURTHER, IT IS DIRECTED THAT a copy of this resolution be included in the official Minutes of the Board of Commissioners, CAW and a copy be presented to each member of the Task Group for Watershed Management.

Adopted this 10th day of February 2005 by the Board of Commissioners, CAW

Secretary

Chair

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

March 10, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, March 10, 2005, in the First Floor Assembly Room of the Capitol Avenue Utilities Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer
Mr. Dale Russom, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary Pittman, Chief Financial Officer
Ms. Marie A. Crawford, Director of Communications
Mr. Gary Hum, Director of Source & Treatment
Mr. Jim Ferguson, Director of Engineering
Mr. Gerald Boon, C.P.A., Assistant Director of Finance
Ms. Deena Coston, C.P.A., Controller
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW
Mr. Blake Rutherford, Attorney for CAW
Ms. Mary Chism, Administrative Assistant
Ms. Ann White, Administrative Assistant

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed
Ms. Ruth Bell, Representative of the League of Women Voters of Pulaski County and Member of the CAW Task Group for Watershed Management
Mr. Lee Bodenheimer, owner of property in the Lake Maumelle Watershed
Mr. Max Brantley, Editor of *Arkansas Times*
Ms. Sue Corker, North Little Rock Neighborhood Associations
Mr. Jim Dailey, Mayor of the City of Little Rock
Mr. Herb Dicker, citizen
Ms. Pat Dicker, Pulaski County Quorum Court, District 7
Mr. Craig Douglass, President of Craig Douglass Communications, a public relations firm representing Deltic Timber Corporation
Ms. Barbara Graves, Vice Mayor of the City of Little Rock and Liaison to the CAW Board
Mr. Barry Haas, Water Improvement District #349
Mr. Gary Heathcott, President of Heathcott Associates
Mr. Glen Hooks, Conservation Coordinator for the Sierra Club-Arkansas and Member of the CAW Task Group for Watershed Management
Mr. Marcus Howard, Reporter with *The Times* of North Little Rock

Mr. Hal Kemp, Attorney for Rick Ferguson, Developer of Waterview Estates, L.L.C.
Mr. Frank Lambright, CAW Customer
Mr. Jim Lynch, President of the Coalition of Little Rock Neighborhoods
Mr. Bruce McMath, attorney for CAW
Mr. Chuck Nestrud, attorney for Deltic Timber
Mr. Doug Smith, reporter for the *Arkansas Times*
Mr. Ken Smith, Executive Director of Audubon Arkansas
Ms. Kathy Wells, President of the Downtown Neighborhood Association
Ms. Jeannie Williams, Representative of the North Little Rock Woman's Club
Mr. Jeff Mascagni, Senior Accountant with Moore Stephens Frost Financial Group
Ms. Carl Young, President of the League of Women Voters of Pulaski County
Mr. John Hofheimer, Reporter with the *Leader Newspaper*
Ms. Jill Zeman, Reporter with the *Arkansas Democrat-Gazette*

Several other individuals were in attendance for the agenda items regarding the Lake Maumelle Watershed. The sign-in sheets are Addendum #1 to the minutes.

Call to Order of March 10, 2005, Meeting

Mr. Eddie Powell, Chair, called to order the March 10, 2005, meeting of the CAW Board of Commissioners. He noted that there was a large attendance by the public and welcomed guests to the meeting.

Approval of Board Minutes

Chair Powell called for a motion to approve the minutes to the February 10, 2005, regular meeting. Upon a motion duly made and seconded, the Board approved the minutes.

Chair Powell said that because there were so many members of the public in attendance for the agenda items relating to the Lake Maumelle Watershed, he would move up the items for discussion.

Request for Qualifications (RFQ) for a Watershed Management Consultant

Mr. Bruno Kirsch, P.E., Chief Operating Officer, distributed to the Board a draft copy of an RFQ for a watershed management consultant. He said the consultant would conduct a study of the entire Lake Maumelle Watershed, review the current water quality of the lake, assess the impact of current and future land uses on the lake, and make recommendations regarding how the utility should protect the lake's water quality.

After some discussion on the qualifications and scope of work desired, the Board asked Mr. Kirsch to revise the RFQ to allow for more discretion by the consultants in the scope of work performed.

Upon a motion duly made by Ms. M. Jane Dickey, Commissioner, and seconded by Mr. Tom Rimmer, Vice Chair, the Board approved the content of the RFQ.

Discussion of Draft Resolution on Watershed Protection Plan for Lake Maumelle

Commissioner Dickey stated she wanted to make a motion to adopt a resolution regarding the watershed protection for Lake Maumelle and asked that the Board discuss the motion but not consider it for a vote at this meeting. Ms. Dickey stated she felt it was important that the Board give due deliberation to this resolution and give the public and CAW staff a chance to voice their views.

Commissioner Dickey directed the distribution of copies of the resolution to individuals in attendance at the meeting.

In opposition to the resolution, Mr. Jim Lynch, President of the Coalition of Little Rock Neighborhoods, expressed concern about the potential for a conflict of interest on the part of Commissioner Dickey. He said Deltic Timber Corporation, a land owner in the Lake Maumelle Watershed, is a client of Rose Law Firm and Commissioner Dickey is a partner in the law firm.

Chair Powell stated that the Board would not vote on the resolution at this meeting and that he would let Commissioner Dickey make the decision as to the question about conflict of interest.

Commissioner Dickey stated that the resolution was a policy consideration and that she did not believe that she would ever have a conflict of interest in voting on a policy issue.

Chair Powell asked that Commissioner Dickey explain the intent of the resolution and said he afterward would take public comments. He added that comment cards were available for individuals to sign, if they wanted to address the resolution.

Commissioner Dickey reviewed the provisions of the resolution (Addendum #2), which addresses conducting a comprehensive watershed management plan and pending land-development proposals. The resolution would specifically re-affirm last month's motion that the Board adopted in accepting the recommendations of the Task Group for Watershed Management. She emphasized that Recommendation #1 was for CAW to use all available means to manage, control, and protect the quality of raw water in Lake Maumelle.

Dr. Roby Robertson, Commissioner, asked to make a statement on the watershed protection issue. Commissioner Robertson stated that he believes it is vital that the metropolitan area have the best quality water. He stated that, contrary to rumor, he is not compromising on the protection of the drinking water supply. He further stated that the role of CAW Commissioners is to manage the watershed and that the Board wants to do what is best for the citizens of Central Arkansas while continuing to protect the water. He added that the Board wants and needs a complete watershed management plan.

Vice Chair Rimmer stated he agreed totally with Dr. Robertson and is happy that there is public discussion on this issue.

During the citizen comment period, representatives of neighborhood, environmental, and citizen groups spoke in opposition to the resolution and in opposition to Senate Bill 230 of the 2005 Arkansas General Assembly. (The CAW Board and staff oppose Senate Bill 230 and believe that it would result in adverse impact on the quality of water in Lake Maumelle thus impact the cost and treatment of drinking water for CAW customers.)

The Board took no action on the resolution.

2004 Audit Report

Mr. Gary Pittman, Chief Financial Officer, reminded the Board that members had received copies of the 2004 Annual Audit Report for CAW. He introduced Mr. Jeff Mascagni, Senior Accountant from the Moore Stephens Frost Financial, independent auditors for CAW.

Mr. Mascagni thanked the staff for their assistance in the preparation of the audit and told the Board that there were no significant problems or issues with the utility's accounting and financial practices.

Chair Powell thanked Mr. Mascagni for the thorough and comprehensive audit report.

Upon a motion duly made by Ms. Francille Turbyfill, Commissioner, and seconded by Dr. Robertson, the Board approved the 2004 audit report.

Sale of CAW Land

Mr. Dale Russom, P.E., Chief Operating Officer, updated the Board on a request from Mr. Jim Lasley to purchase CAW property. (Mr. Lasley owns property at the intersection of Kirk Road and Chenal Parkway in Little Rock. The land abuts both sides of a 50-foot parcel owned by CAW. The utility parcel contains a 39-inch-diameter raw-water line. Mr. Lasley plans to develop his property and needs to join his parcels in order to do so.) Mr. Russom said utility staff recommends selling the 50-foot strip to Mr. Lasley for \$62,000 and Mr. Lasley would grant CAW an easement on the property for maintenance and repair accessibility to the raw-water pipeline.

Upon a motion duly made by Vice Chair Rimmer and seconded by Mr. Jay Hartman, Commissioner, the Board approved the staff recommendation.

Approval of Contracts/Agreements

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

- i. An annual contract for the purchase of various sized water meters:

5/8-inch-diameter	Arkansas Water Products	\$207,600
3/4-inch- to 2-inch-diameter	Badger Meter, Inc.	\$140,742
6-inch- turbo and 6-inch-diameter fire-line turbo	National Waterworks, Inc.	\$27,828
- ii. A contract not to exceed \$250,000 with Heathcott Associates for public relations, marketing, and advertising services 2005 (The contract includes two options for one-year renewals.)
- iii. Payment to McMath Woods Law Firm for \$96,506 for legal fees for condemnation litigation involving Waterview Estates, L.L.C., and protection of the Lake Maumelle Watershed
- iv. Contract with Building & Utility Contractors, Inc., in the amount of \$238,353 for the replacement of 1,550 linear feet of 6-inch-diameter ductile iron water main in Fairfax Drive from Roundtop Road to Arkansas Highway 161 in North Little Rock
- v. Renewal of a joint agreement between CAW and the U.S. Geological Survey (USGS) for a water quality assessment and monitoring project for the drinking water supply reservoirs, Lake Maumelle and Lake Winona. (This project has been ongoing under a 50-50 cost-share agreement since 1989.)

This year, at the request of the CAW Board, the scope of the project is expanded to include additional monitoring sites. This expanded monitoring increases CAW's cost-share from \$84,000 to \$186,040.

The Commission considered a resolution to form an Audit Committee based upon the recommendation of the utility's independent auditors. Board consensus was for the entire

Board to accept the oversight responsibilities and allot time to the audit firm, as needed, on the agenda of regular and special meetings.

Regionalism Report

Mr. Steve Morgan updated the Board on the following regionalism issues:

- CAW has purchased from Mr. Jack Armstrong 7.44 acres of land on the west end of the Lake Maumelle Watershed. The cost of the land was \$45,000.
- Maumelle Water Corporation is reviewing its options for securing supplemental water.
- The Mid-Arkansas Water Alliance still is awaiting a decision from the U.S. Army Corps of Engineers, as to the need for a more comprehensive study on the Alliance's request for discretionary water storage in Greers Ferry Lake and Lake Ouachita.
- Brushy Island Water Authority is continuing to investigate financing options for needed waterline improvements. A recently-discussed option is for CAW to serve as trustee but not owner of the district.

Adjournment

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

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

April 15, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, April 15, 2005, in the First Floor Assembly Room of the Capitol Avenue Utilities Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Dale Russom, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Gary Pittman, Chief Financial Officer
Mr. Jim Ferguson, Director of Engineering
Ms. Becky Wahlgreen, Director of Human Resources
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings Law Firm
Mr. Blake Rutherford, Attorney for CAW with Wright, Lindsey & Jennings Law Firm

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed
Ms. Ruth Bell, Representative of the League of Women Voters of Pulaski County and member of the CAW Task Group for Watershed Management
Mr. Lee Bodenheimer, Property Owner within the Lake Maumelle Watershed
Mr. Herb Dicker, President of the Little Rock Neighborhood Connections
Ms. Pat Dicker, Justice of the Peace for District 7 of the Pulaski County Quorum Court
Mr. Craig Douglass, President of Craig Douglass Communications, a public relations firm representing Deltic Timber Corporation
Mr. Gary Heathcott, President of Heathcott Associates
Mr. Marcus Howard, Reporter with *The Times* of North Little Rock
Mr. Jim Lynch, President of the Coalition of Little Rock Neighborhoods
Ms. Kathleen Oleson, Representative of the League of Women Voters of Pulaski County
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenheimer
Ms. Kristen Rowland, Attorney with Friday, Eldredge & Clark Law Firm
Mr. Ken Smith, Executive Director of Audubon Arkansas
Mr. Stuart Thomas, City of Little Rock Chief of Police
Mr. Darin Wewers, Property Owner
Mr. Eric Wewers, Attorney representing Mr. Darin Wewers
Mr. Buzz May, Citizen
Ms. Kathy Wells, President of the Downtown Neighborhood Association
Ms. Jill Zeman, Reporter with the *Arkansas Democrat-Gazette*

Call to Order of April 15, 2005, Meeting

Mr. Eddie Powell, Chair, called to order the April 15, 2005, meeting of the CAW Board of Commissioners.

Chair Powell recognized Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed, who asked to address the Board.

Ms. Althoff expressed her appreciation to the Board members for their leadership in the protection of the Lake Maumelle Watershed. She stated that this leadership was vital in the defeat of Senate Bill 230 of the 2005 Arkansas General Assembly.

Ms. Althoff also stated that there is a clear need for community organizations to stay involved in watershed protection issues. She further stated that though the Board carries the burden of dealing with watershed protection issues, community organizations can assist them in many different ways.

Ms. M. Jane Dickey, Commissioner, told Ms. Althoff that there are plans to form an advisory group and that possibly a representative of Citizens Protecting Maumelle Watershed would be interested in serving. Ms. Althoff indicated that having a representative on the advisory group would be welcomed.

Ms. Kathleen Oleson, representing the Pulaski County League of Women Voters, read a letter thanking the Board members for their support in protecting the Lake Maumelle Watershed and working with the various organizations to present a unified effort to the state legislature in the protection of Central Arkansas' drinking water. Ms. Oleson added that she hopes the Board will follow through on the implementation of plans, as outlined in resolutions passed by the Commission, to protect Lake Maumelle.

Ms. Kathy Wells, President of the Downtown Neighborhood Association, presented a letter of appreciation to the CAW Commission and staff for their excellent work in protecting the drinking water of Central Arkansas. Ms. Wells stated the association recognizes that other activities pose a risk to the drinking water and the association supports vigorous efforts to assure the water remains of the highest quality at the least cost. She added the association feels that now is the time to implement the plans stated in the CAW Board's Resolution 2003-10, which approves acquiring critical property located in Zone 1 of the Lake Maumelle Watershed and located near CAW's intake structures.

Mr. Jim Lynch, President of the Coalition of Little Rock Neighborhoods, presented a letter authorized by a unanimous vote of the coalition at its April 9, 2005, meeting. The letter asked CAW to continue in its efforts to protect the Lake Maumelle Watershed. The letter further asked that CAW initiate steps to acquire land in Zone 1 of the lake's watershed. Mr. Lynch stated that the cost to ratepayers for the purchase of land within the watershed would be a good investment for ratepayers.

Approval of Board Minutes

Chair Powell called for a motion to approve the minutes to the March 10, 2005, regular meeting. Upon a motion duly made and seconded, the Board approved the minutes.

Little Rock Police Service Center

Mr. Jim Harvey, Chief Executive Officer, said he has a meeting scheduled for Tuesday, April 19,

with Mr. Bruce Moore, City Manager of the City of Little Rock to discuss the possibility of locating a one-stop service center in CAW's Paragon Building at 311 East Capitol Avenue. Mr. Harvey said the one-stop center would allow customers to pay all their utility bills at one location and would include a Little Rock police substation.

Mr. Harvey introduced Mr. Stuart Thomas, the newly-appointed Chief of Police for the City of Little Rock. Chief Thomas said the Police Department currently is seeking a site for a downtown police service center and is working with CAW on the possibility of using space in the Paragon Building. He added that funding the substation is in the City's 2004 Capital Improvements Bond Issue but comes with specific requirements, one of which is that the Police Department must own the facility that houses the substation.

Chief Thomas said he is interested in increasing police presence throughout the downtown area and appreciates CAW's support in this endeavor.

Chair Powell asked CAW legal counsel to work with the Police Department on a solution that would allow a police substation in the area of the Paragon Building.

In addition, upon a motion duly made and seconded, the Board authorized staff to negotiate with the Little Rock Police Department on the community project.

Request for Interim Service Agreement

Mr. Dale Russom, P.E., Chief Operating Officer, in an update to the Board, said staff had been working with Mr. Darin Wewers on a plan to serve Mr. Wewers' property at 6423 Wilton Lane in West Pulaski County. (Mr. Wewers addressed the Board at the February 10, 2005, meeting and requested a private service line agreement. Mr. Wewers did not meet the requirements for having a private service line because his property abuts a public roadway.)

Mr. Eric Wewers, attorney for Mr. Darin Wewers, spoke to the Board on the need for a water supply for Mr. Wewers' home. He told the Board that he had talked with Water Improvement District #344 of Pulaski County to obtain water supply service and the district had forwarded a plan to Mr. Russom.

Mr. Russom said he had just received the plan the previous day and had not had time to fully study the plan. He said he did have concerns about the plan and from his initial review did not think it was workable.

Commissioner Dickey suggested Mr. Wewers possibly could gain access to an existing water main by purchasing a vacant lot adjacent to his property and replatting the property to assure CAW he would not sell the property after running his water line. Mr. Russom told Mr. Wewers that if he obtained an Option to Purchase on that property, with the sincere intent to close on the property, CAW would consider this intent sufficient to enter into an Interim Service Agreement with a sunset clause. Mr. Russom explained that the sunset clause would limit the time the interim agreement would be in force.

Lake Maumelle Watershed Update

Mr. Harvey updated the Board on the Request for Qualifications process for selecting a consultant for the Lake Maumelle Watershed study. He said a committee consisting of Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer; Mr. Russom; Mr. Tom Rimmer, Commissioner; and himself had reviewed the six proposals the utility received. Mr. Harvey added that each committee member independently ranked the consulting firms and agreed unanimously to

conduct interviews with the three finalists deemed most qualified and responsive. He added that the interviews would be April 28, 2005.

Commissioner Rimmer said the proposals were very strong and he feels confident that each consultant is well qualified to conduct the study.

In response to comments by Chair Powell, Mr. Harvey commented that the interviews with the finalist consulting firms would be open to the public.

Commissioner Dickey asked whether the interview process would include allowing members of the public to ask questions of the consultants. Mr. Harvey responded that the public may submit questions to the interviewing committee. He added that the public also may submit follow-up questions up to five days after the interviews.

In response to a question from Mr. Tony Kendall, Commissioner, Mr. Russom, responded that staff could have a recommendation on a consultant by the May 2005 Board Meeting.

Section 401(a) Employees Savings Plan

Ms. Becky Wahlgreen, Director of Human Resources, reported to the Board on a technical amendment to the Section 401(a) Employees Savings Plan. She explained that the amendment is a requirement of the U.S. Internal Revenue Service.

Ms. Wahlgreen introduced Ms. Kristen Rowland, attorney with the Friday, Eldredge & Clark Law Firm. She said Ms. Rowland specializes in employee benefits and would explain the required change. Ms. Rowland said the Economic Growth and Tax Relief Reconciliation Act of 2001 requires the amendment regarding voluntary "cash-out rules" (when employees leave or terminate employment with the utility and have \$1,000 or less in the plan).

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

Resolution Honoring former Commissioner Alma Williams

The Board approved a resolution in commendation of Ms. Alma Williams for her service on the Board of Commissioners. Ms. Williams, who tendered her resignation in December 2004, served on the Board from 2001–2004.

Signing of Board Minutes

Chair Powell said the CAW auditors have voiced concern about the lack of signatures on the approved Board Minutes.

Chair Powell stated that he had talked with CAW legal counsel who confirmed that the signature of the Board Secretary and/or Chair would be sufficient to meet the requirements of the auditors.

Upon a motion duly made and seconded, the Board approved the signing of all Board Minutes since July 2003 by the Secretary or Chair of the Board of Commissioners.

Nominating Committee

Upon a motion duly made and seconded, the Board approved a nominating committee of Commissioner Dickey and Ms. Francille Turbyfill, Commissioner, for recommendations to the Board regarding vacancies on the Board of Commissioners.

Board Meeting Procedures

Chair Powell recommended the Board use Roberts Rules of Order to conduct Board meetings. The Commissioners discussed whether they should adopt the rules of order by resolution or by an amendment to the Commission Bylaws. Mr. Tad Bohannon, attorney for CAW, stated that either method would be acceptable.

Upon a motion duly made and seconded, the Board amended the Commission Bylaws to adopt Roberts Rules of Order for conducting Board meetings.

Little Rock National Airport

Mr. Harvey told the Board he had received a letter of request from the Little Rock National Airport for a \$25,000 donation to assist with the beautification of the airport terminal and grounds.

Approval of Contracts/Agreements

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

- i. Contracts for the purchase of inventory stock:
 - a. curb stops Consolidated Pipe & Supply Company \$ 14,922
 - b. metersetters and corporation stops Hughes Supply \$ 65,076

- ii. Contracts for the following:
 - a. 1 - 10"-diameter electric check pump control valves Van Brocklin & Associates \$ 7,076
 - b. 3 - 12"-diameter electric check pump control valves GA Industries \$ 7,615
 - c. 3 - vertical hollow shaft motors Purvis Bearing Service \$ 13,656

Information Services Department Update

Mr. Allen Vincent, Director of Information Services, updated the Board regarding the on-going and future activities of the Information Services Department.

Mr. Vincent told the Board that CAW had received a Special Achievement in Geographic Information System (GIS) Award from the utility's GIS program. He added that of more than 100,000 companies globally that have GIS programs, only 133 received this award.

Chair Powell thanked Mr. Vincent for his informative presentation.

Regionalism Report

Mr. Steve Morgan updated the Board on the following regionalism issues:

- The City of Maumelle has decided to upgrade the city's well system for its supplemental water use rather than purchase water from CAW.

- The Saline Watershed Alliance has determined that its members have the need for supplemental water and has not yet decided whether to purchase the water from CAW or use water from Lake Ouachita.

Commission Briefing

Mr. Harvey updated the Board on the following items:

- Mr. Charles Campbell has filed a complaint with the Arkansas State Board of Registration for Professional Engineers and Land Surveyors against CAW consultant Stephen Roy of Geosyntec Consultants.
- Mr. Harvey asked Mr. Bohannon to update the Board on the Brushy Island Water Association's request for CAW to oversee the authority's water system and oversee needed improvements to the distribution system.

Mr. Bohannon said Brushy Island has proposed the court appoint CAW as receiver of the authority. He explained that, as receiver, CAW would become a trustee under court authority and supervision, would oversee daily operations of the authority, and would maintain Brushy Island's water lines. He further stated that Brushy Island Water Association would retain its incorporation and would be responsible for borrowing and repaying any loans required to improve the authority's water system. He added that CAW would not guarantee any loans that Brushy Island secures.

Mr. Jay Hartman, Commissioner, asked whether CAW would have a responsibility to take over the Brushy Island water system if the authority does not make the improvements. Mr. Bohannon stated there is no legal requirement for CAW to provide service to the Brushy Island area.

Mr. Bohannon said the Board must give authorization to staff to enter into this type of an agreement with the Brushy Island Water Association. In response to a question from Chair Powell, Mr. Bohannon said he could have such an agreement ready for the Commission's review at the May 2005 Board Meeting.

After further discussion, Chair Powell stated that the Board could support such a proposal as long as CAW and the authority could reach an agreement that would adequately protect CAW from liability or responsibility.

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Hartman, the Commission approved a motion to support the appointment of CAW as receiver for the Brushy Island Water Association, pursuant to terms and conditions that are acceptable to CAW.

- The plaintiff in a class-action lawsuit against Ms. Dickey, Mr. Harvey, and Mr. Kirsch had requested and been granted the dismissal of the lawsuit. The lawsuit was regarding the use of ratepayer revenues to purchase watershed property for the protection of Lake Maumelle. The plaintiff was BCW Investments, L.L.C., of Bryant. Saline County Circuit Judge Grisham Phillips was the presiding judge.
- The Commission Retreat will be at 2 p.m. Friday, April 22, 2005, in the Board Room of the Capitol Avenue Utilities Building.
- The next regular Board Meeting will be at 1 p.m. Thursday, May 12, in the Lake Supervisor's house at Lake Winona.

- Mr. Harvey and Mr. Kirsch attended an American Water Works Association-sponsored Fly-In Meeting in Washington, D.C., to visit with the state's congressional delegation. Mr. Harvey said the meetings were very productive with extremely good responses on local issues.

In reply to Commissioner Dickey's question regarding the formation of an advisory committee for the watershed protection issue, Mr. Harvey said that it would be one of the first items the watershed consultant would address.

Adjournment

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

Francille Turbyfill, Secretary/Treasurer

April 15, 2005

Resolution – 2005-03

WHEREAS, Ms. Alma Williams, as a member of the Board of Commissioners, Central Arkansas Water (CAW), has provided four and a half years of outstanding service and representation for the citizens of the Little Rock-North Little Rock metropolitan community; and

WHEREAS, Ms. Williams was an inaugural member of the Board and began her first term on the Board in July 2001, upon the formation of CAW; and

WHEREAS, her extensive and impressive background in regional utility relations, business and educational affairs, and civic involvement have been invaluable assets to the Board in its decision-making and governance of the utility and operation of the waterworks; and

WHEREAS, the customers of Central Arkansas Water depend on private citizens, such as Ms. Williams, to oversee operations of the public drinking water system and to ensure a safe, high-quality, dependable, and affordable supply of drinking water; and

WHEREAS, during her tenure, Ms. Williams has been committed to this mission and the objectives of CAW in our delivery of service to the 374,000 people that depend on the utility for drinking water; and

WHEREAS, Ms. Williams particularly has championed source-water protection for our drinking water supplies, Lake Maumelle and Lake Winona; educational and advancement opportunities for employees; exceptional customer service in all aspects; and positive and cooperative relations between the Board, water utility, and public.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners, Central Arkansas Water, does hereby express sincere appreciation to Ms. Williams for her distinguished service to CAW and our customers and honor her for her contributions to the vision, integrity, excellence, and oversight of the utility.

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

* * * * *

We, Eddie Powell, Thomas W. Rimmer, Francille Turbyfill, M. Jane Dickey, Tony Kendall, Dr. Roby Robertson, and Jay Hartman, as members of the Board of Commissioners, Central Arkansas Water, do hereby certify that the above and foregoing is a correct copy of the resolution adopted by us on this 15th day of April 2005.

Chair

Vice Chair

Secretary

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

May 12, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 1 p.m. Thursday, May 12, 2005, in the Supervisor's House at Lake Winona.

Present:

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

Present by telephone conference call:

Mr. Tom Rimmer, Sc.D., Vice Chair

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, P.E., Chief Operating Officer
Mr. Dale Russom, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Mr. Gary Hum, Director of Source & Treatment
Mr. Dennis Yarbro, P.E., Supervisor of Water Sources
Mr. Rodney Johnson, Supervisor of Lake Winona
Ms. Connie Horn, Management Secretary
Ms. Alane Turner, Buyer
Mr. Val Henry, Customer Relations Specialist
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings Law Firm

Also in attendance:

Mr. Lee Bodenheimer, Property Owner within the Lake Maumelle Watershed
Mr. Herb Dicker, President of the Little Rock Neighborhood Connections
Ms. Pat Dicker, Justice of the Peace for District 7 of the Pulaski County Quorum Court
Mr. Eugene R. "Gene" Hayes, District Ranger for the Winona-Jessieville-Fourche Ranger District of the U.S. Forest Service
Mr. Gary Heathcott, President of Heathcott Associates
Ms. Lasha Johnson, wife of Mr. Rodney Johnson
Mr. Thad Luther, P.E., Chief Operating Officer-Select for CAW
Mr. Daniel A. Marion, Ph.D. Research Hydrologist with the U.S. Forest Service
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenheimer

Call to Order of May 12, 2005, Meeting

Mr. Eddie Powell, Chair, called to order the May 12, 2005, meeting of the CAW Board of Commissioners.

Approval of Board Minutes

Chair Powell called for a motion to approve the minutes to the April 15, 2005, regular meeting.

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

Approval of Contracts/Agreements

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

- i. a contract with S & J Construction Company, Inc., in the amount of \$459,382 for the installation of approximately 5,100 linear feet of 20-inch-diameter water transmission main in Stewart Road from Leatha Lane to Burlingame Road in Little Rock
- ii. a contract with J.A. Riggs Company in the amount of \$826,500 for the purchase/repurchase of 20 backhoe loaders (J.A. Riggs Company will re-purchase the backhoes from CAW in July 2006 at a price of \$756,000, which would leave a net cost to CAW of \$70,500. Ms. M. Jane Dickey, Commissioner, stating a possible conflict of interest, abstained from voting on this contract.)
- iii. a contract in the amount of \$74,000 with Tucson Automation, Inc., for the programming of computer software for an upgraded Supervisory Control and Data Acquisition (SCADA) System

Introduction of Future Chief Operating Officer

Mr. Jim Harvey, Chief Executive Officer, introduced Mr. Thad Luther, P.E., who will assume the position of Chief Operating Officer on June 1, 2005. Mr. Luther will succeed Mr. Dale Russom, P.E., who is retiring June 30.

Mr. Harvey told the Board that he is very pleased to have Mr. Luther come to work for CAW. He added that Mr. Luther comes to CAW from Little Rock Wastewater Utility.

Annual Report from U.S. Forest Service

Mr. Harvey reminded the Commissioners that each year the U.S. Forest Service provides an update on activities within the Lake Winona Watershed.

Mr. Harvey introduced Mr. Daniel A. Marion, Ph.D., a research hydrologist with the U.S. Forest Service.

Mr. Marion presented an overview of the Forest Services' forest management and runoff control research that is under way in the Lake Winona Watershed.

Chair Powell thanked Mr. Marion for an interesting report.

Nomination of Officers

Chair Powell reported that that the Nominations Committee, which consists of Commissioner Dickey and Ms. Francille Turbyfill, Commissioner, nominated the following officers' slate for July 1, 2005, through June 30, 2006:

Chair – Mr. Tom Rimmer
Vice Chair – Mr. Tony Kendall
Secretary – Dr. Roby Robertson

Upon a motion duly made and seconded, the Board approved the election of officers to take effect July 1, 2005.

Brushy Island Water Association Update

Mr. Harvey asked Mr. Tad Bohannon, lawyer for CAW, to update the Board on a proposed court order to appoint CAW as receiver for the Brushy Island Water Association.

Mr. Bohannon said he is continuing to work with the attorney for Brushy Island and the Arkansas Soil and Water Conservation Commission (ASWCC) on a possible court order appointing CAW as receiver for Brushy Island.

Mr. Jay Hartman, Commissioner, asked whether there is a plan to assist Brushy Island customers with the cost of installing pressure reducing valves.

Mr. Bohannon replied that the proposed agreement would allow customers to pay out the cost of the pressure reducing valves over time through the monthly water bill. He added that Brushy Island Water Association would have to address all other improvement costs.

In response to a question by Chair Powell, Mr. Bohannon confirmed that the cities of Jacksonville and Sherwood have agreed to share a portion of the cost of a water transmission main that would run through the Brushy Island area.

Mr. Bohannon said that at the June Board Meeting he hoped to bring before the Board a draft court order assigning CAW as receiver for Brushy Island. He added that if the Board approves the agreement, he would then take it before a judge for approval.

Mr. Bohannon reminded the Board that this order would not obligate CAW financially. He stated that Brushy Island would be responsible for all financial obligations.

Regionalism Report

Mr. Steve Morgan updated the Board on the following regionalism issues:

- Talks continue with Maumelle Water Corporation on supplying the water association with supplemental water.
- Talks also continue with Salem Water Users Association on providing that association with supplemental water.
- The Mid-Arkansas Water Alliance members have sent letters to the U.S. Army Corps of Engineers regarding the Alliance's request for supplemental water from Lake Ouachita and Greers Ferry Lake.

Commission Briefing

Mr. Harvey updated the Board on the following items:

- The selection committee unanimously chose Tetra Tech, Inc., to recommend as the consultant to conduct the watershed management study. CAW is currently negotiating a fee with Tetra Tech.
- The Wrightsville Power Facilities, which has filed for bankruptcy, has a potential buyer that may make it possible for CAW to recover past-due account balances for water service.

- CAW staff has been working with Heathcott Associates on continued public education efforts related to watershed protection.

Mr. Gary Heathcott, President of Heathcott Associates, said that Ms. Marie Crawford, Director of Communications, and he are working on a public relations plan that includes outreach to local schools and television messages about protecting Lake Maumelle from pollution.

- CAW has received a 100 per cent rating for its self-insured Workers' Compensation Insurance program.
- Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer, informed the Board of a proposal for a golf course on property in Zone 2 of the Lake Maumelle Watershed. He said the proposed site is on the Big Maumelle River.

Mr. Kirsch said Mr. Frank Whitbeck owns 965 acres in Zone 2 of the lake's watershed. He said the current land use is a sod farm. Mr. Kirsch stated Mr. Whitbeck wants to develop 50 five-acre residential lots and an 18-hole golf course, with water service from the Thornburg Water Association.

Mr. Kirsch said utility staff is talking with Mr. Whitbeck about conservation easements and possible acquisition of some property by the utility.

- CAW staff met with Mr. Gary Sigle and Mr. Larry "Doc" Hawthorne, Maintenance-Operations Technician and Field Regulatory Specialist, respectively, for Exxon Mobil Pipeline to discuss the company's maintenance and emergency plans regarding a 20-inch-diameter oil pipeline that runs through the Lake Maumelle Watershed. In their presentation, the Exxon representatives said they conduct fly-over inspections of the pipeline twice a week.

Mr. Hawthorne said the pipeline currently is out of service for routine maintenance. Mr. Russom asked the Exxon representatives whether they could install additional check valves while the pipeline is out of service. Mr. Harvey said that they seemed agreeable to this suggestion. He said the additional check valves would aid in controlling spillage in the event of a break on the line.

Adjournment

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

Francille Turbyfill, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

June 2, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, June 2, 2005, in the Third Floor Board Room of the Capitol Avenue Utilities Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Dale Russom, P.E., Chief Operating Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Ms. Becky Wahlgreen, Director of Human Resources
Ms. Connie Horn, Management Secretary
Mr. Gary Pittman, Chief Financial Officer
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings Law Firm

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed
Ms. Ruth Bell, Representative of the League of Women Voters of Pulaski County and Member of the CAW Task Group for Watershed Management
Mr. Lee Bodenhamer, Property Owner within the Lake Maumelle Watershed
Mr. Dee Brown, P.E., Manager of Electrical Engineering for Garver Engineers, L.L.C.
Mr. Craig Douglass, President of Craig Douglass Communications, a public relations firm representing Deltic Timber Corporation
Saline County Judge Lanny Fite
Mr. Ray Gabbard, Representative of the City of Benton
Little Rock Vice Mayor Barbara Graves, Liaison to the CAW Board
Mr. Gary Heathcott, President of Heathcott Associates
Mr. Marcus Howard, Reporter with *The Times* of North Little Rock
Mr. Jim Lynch, President of the Coalition of Little Rock Neighborhoods
Mr. Roger Moren, General Manager of Sardis Water Association and Representative of Saline Watershed Alliance
Ms. Kathleen Oleson, Representative of the League of Women Voters of Pulaski County
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer
Mr. Ken Smith, Executive Director of Audubon Arkansas
Ms. Kathy Wells, President of the Downtown Neighborhood Association
Mr. Alfred L. Williams, Senior Vice President of Ramsey, Krug, Farrell & Lensing
Ms. Jill Zeman, Reporter with the *Arkansas Democrat-Gazette*

Call to Order of June 2, 2005, Meeting

Mr. Eddie Powell, Chair, called to order the June 2, 2005, meeting of the CAW Board of Commissioners.

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

Approval of Board Minutes

Chair Powell called for a motion to approve the minutes to the May 12, 2005, regular meeting. Upon a motion duly made and seconded, the Board approved the minutes.

CAW Business Insurance Renewal

Mr. Gary Pittman, Chief Financial Officer, reported that CAW's business insurance policy is due to expire at the end of the month. He stated that the renewal premium is \$20,517 less than the cost in 2004 for the same coverage.

Mr. Pittman introduced Mr. Alfred L. Williams, Senior Vice President of Ramsey, Krug, Farrell & Lensing, and said that Mr. Williams was available for questions.

Upon a motion duly made by Dr. Roby Robertson, Commissioner, and Mr. Jay Hartman, Commissioner, the Board approved a one-year renewal of the insurance.

Approval of Contracts/Agreements

Upon a motion duly made by Mr. Tom Rimmer, Vice Chair, and seconded by Ms. Francille Turbyfill, Secretary, the Board approved the following:

- i. a contract with Keathley-Patterson Electric for \$61,916 for computer hardware and software for the Supervisory Control and Data Acquisition System Upgrade

Human Resources Update

Ms. Becky Wahlgreen, Director of Human Resources, updated the Commission on Human Resource activities. Mr. Powell thanked Ms. Wahlgreen for the excellent report.

Mr. Harvey told the Commissioners that Ms. Wahlgreen had overseen development of the job description for the new position of Director of Watershed Management, which was right on target with similar positions he has seen at the national level. He also commented that Central Arkansas Water's excellent employee health insurance premium stability, with no premium increases over the last three years, is due to the efforts of the Employees Insurance Review Committee, Ms. Wahlgreen, and the Human Resources staff. Mr. Harvey added that Ms. Wahlgreen does a great job in her position.

Resolution of Intent

Mr. Steve Morgan, Director of Regionalism and Future Water Source, presented a draft resolution expressing the intent of CAW and the Saline Watershed Regional Water Distribution District (Saline Watershed Alliance) to jointly develop long-term sources of water.

Mr. Roger Moren, General Manager for Sardis Water Association and President of the Saline Watershed Alliance, expressed to the Commissioners his appreciation for their willingness to work together for a common future. He added he is excited about working with CAW staff.

Saline County Judge Lanny Fite said he believes that CAW and the Saline Water Alliance working together provides a great opportunity for all cities involved.

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

Regionalism Report

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

- Mid-Arkansas Water Alliance (MAWA) members will meet on Monday, June 6, with staff of the U.S. Army Corps of Engineers regarding MAWA's 2003 request to take supplemental water from Lake Ouachita and Greers Ferry Lake.
- Talks are continuing with Maumelle Water Corporation on supplying the water association with supplemental water.
- The 145th Street Water Improvement District has requested that CAW assume its water distribution system. CAW is discussing this option with the district and will provide more information at a future Board meeting.

Commission Briefing

Mr. Harvey updated the Board on the following items:

- Mr. Tad Bohannon, counsel for CAW, said he is continuing to work with attorneys for Brushy Island Water Association and the Arkansas Soil and Water Conservation Commission (ASWCC) on a possible court order appointing CAW as receiver for the Brushy Island water system.
- Appraisals on property in Zone 1 of the Lake Maumelle Watershed should be ready by next week.
- CAW's Joint Review Committee has selected Tetra Tech, Inc., of Fairfax, Virginia, as the most qualified to serve as consultant for the comprehensive watershed study of Lake Maumelle and staff currently is negotiating a fee for Phase I.
- The committee to select final candidates for the Director of Watershed Management position has forwarded two names to the CEO for consideration. Interviews with these two finalists will be soon.
- In an update on a May 28 drowning at Lake Maumelle, Mr. Harvey shared a chronological history of drownings that have occurred at the lake since construction in 1958.

Recognition of Awards

Mr. Tony Kendall, Commissioner, asked Mr. Harvey about two recent awards Mr. Harvey had received.

Mr. Harvey told the Board that he had received the American Water Works Association's (AWWA) 2005 Honorary Member Award. He noted that he was 1 of 10 recipients nationwide.

Also, Mr. Harvey said he had received the Senator Jim Argue Distinguished Leadership Award from Leadership Greater Little Rock, an affiliate of the Little Rock Regional Chamber of Commerce.

Chair Powell congratulated Mr. Harvey on the honors.

Public Comments

Mr. Ken Smith, Executive Director of Audubon Arkansas, informed the Board of a recent newspaper article reporting on the potential threat to drinking water by unmonitored and abandoned landfills and dumpsters. Mr. Smith encouraged the Commission to be aware of this issue, especially with regard to watersheds.

Mr. Smith also referred to the McCain-Lieberman Climate Bill (revised Climate Stewardship Act) that is before the U.S. Congress. He said significant climate changes could have a major impact on water supplies.

Mr. Harvey thanked Mr. Smith for his comments. He told Mr. Smith that CAW has offered laboratory analysis assistance to water utilities dealing with the issue of landfills.

Ms. Kathy Wells, President of the Downtown Neighborhood Association, asked the Board to consider updating its code of ethics. Chair Powell said that the Board could take the recommendation under consideration.

Chair Powell commented that today's Board meeting was his last as Chair. He thanked fellow Commissioners and staff for the achievements of the past year and said there is a lot more to accomplish.

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

Francille Turbyfill, Secretary/Treasurer

RESOLUTION 2005 – 04

A RESOLUTION EXPRESSING THE JOINT INTENT OF CENTRAL ARKANSAS WATER AND SALINE WATERSHED REGIONAL WATER DISTRIBUTION DISTRICT TO SUPPLY THE LONG-TERM WATER NEEDS OF THE SALINE WATERSHED ALLIANCE

WHEREAS, the Saline Watershed Regional Water Distribution District, d/b/a Saline Watershed Alliance (SWA), is seeking sources of drinking water that will meet the long-term needs of their member systems; and

WHEREAS, Central Arkansas Water (CAW) is currently a primary supplier of water to other water systems in the area; and

WHEREAS, CAW and SWA expect to jointly acquire sufficient capacity to meet the long-term needs of the SWA; and

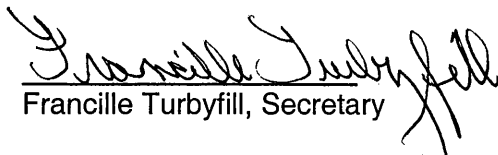
WHEREAS, the Board of Commissioners desires to confirm the willingness of CAW to enter into discussions and studies for CAW and SWA jointly to meet the long-term needs of the SWA;

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

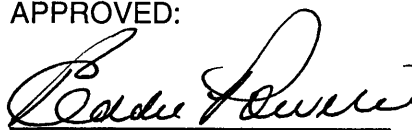
1. It is the joint intent of CAW and SWA to offer to supply high quality drinking water to members of the SWA in quantities sufficient to meet their long-term needs. It is further the intent of CAW that the rates, fees and other charges for such water shall be fair and equitable, determined using the national standards for pricing such as those set forth by the American Water Works Association and other applicable professional organizations.
2. The management and staff of CAW are hereby authorized to enter into discussions with the SWA, its officers, or authorized representatives, to further the purposes of this resolution, and to recommend to the Board of Commissioners appropriate arrangements for carrying out the intent of this resolution.
3. Additional studies may be required before the parties will be able to enter into meaningful discussion or negotiations. If additional studies are required, the cost of these studies shall be borne equally by both parties. It is specifically understood that both parties will agree in writing to participate in the payment of the costs of any study prior to commencement of any work or the creation of any obligation for the payment of expenses.

The foregoing resolution has been duly adopted by the Board of Commissioners, Central Arkansas Water at a meeting of the Board of Commissioners, Central Arkansas Water held on June 2nd, 2005.

Attest:


Francille Turbyfill, Secretary

APPROVED:


Eddie Powell, Chair

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

June 9, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a Special Called Meeting at 2 p.m. Thursday, June 9, 2005. The telephone conference call meeting originated from the Third Floor Board Room of the Capitol Avenue Utilities Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present by telephone:

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

Absent:

Mr. Tony Kendall, Commissioner

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Dale Russom, P.E., Chief Operating Officer
Mr. Bruno Kirsch, P.E., Chief Operating Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings Law Firm

Also in attendance:

Mr. Jim Julian, attorney with Chisenhall, Nestrud & Julian law firm, which represents Deltic Timber Company
Ms. Kathleen Oleson, Representative of the League of Women Voters of Pulaski County
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenheimer
Mr. Marcus Howard, Reporter with *The Times* of North Little Rock
Ms. Jill Zeman, Reporter with the *Arkansas Democrat-Gazette*

Also present by telephone conference:

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.
Ms. Leslie Shoemaker, Ph.D., Vice President of Tetra Tech, Inc.

Call to Order of June 9, 2005, Meeting

Mr. Eddie Powell, Chair, called to order the June 9, 2005, meeting of the CAW Board of Commissioners. Chair Powell stated that the purpose of the meeting was to approve a contract with Tetra Tech, Inc., of Fairfax, Virginia, for consulting services for Phase I of the Comprehensive Watershed Management Plan for Lake Maumelle.

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

Mr. Bruno Kirsch, P.E., Chief Operating Officer, told Commissioners that Ms. Leslie Shoemaker, Ph.D., and Mr. Trevor Clements, Vice President and Director of Watershed Management Planning Services, respectively, for Tetra Tech also were in the conference call and available for questions.

Mr. Kirsch said Tetra Tech is proposing to undertake the watershed study in four phases. He said the staff recommendation is to approve Phase I in the amount of \$154,170. He said Phase I would include the creation of the stakeholders advisory council, as well as the initial assessment of monitoring data and other information on Lake Maumelle and tributary streams.

Mr. Kirsch said that Phase II will involve data collection. He said the cost for the three remaining phases will depend on the amount of work required; however, he anticipates the cost will be between \$405,000 and \$830,000.

In regard to the proposed six-month time frame for Phase I, Ms. M. Jane Dickey, Commissioner, questioned whether it would be possible to initiate Phase II before the completion of Phase I so the consultant could begin data collection earlier.

Mr. Clements responded that Phase I is critical to setting up the other three phases. He said Phase II is dependent on the results of Phase I in order to avoid duplicate or unnecessary therefore costly data collection. Mr. Clements further stated that it may be possible to begin Phase II near the end of Phase I.

Dr. Shoemaker stated that in conducting the study, the consultant firm would be cognizant of the Board's desire to compress the schedule as much as possible.

Mr. Jay Hartman, Commissioner, asked what would be the results for CAW from Phase II of the study.

Dr. Shoemaker said her firm would construct a watershed model from the information collected in Phase II and the model would be the property of CAW. She added that CAW staff would receive training to facilitate full and proper future use of the model.

Chair Powell noted that the contract states that Tetra Tech will work with CAW to develop a stakeholders group within 15 days of signing the contract. Chair Powell asked who would decide the makeup of the stakeholders group.

Mr. Clements responded that, as a general rule, Tetra Tech representatives work in an advisory capacity with senior staff members of a client in choosing a diverse stakeholders group.

In response to a question by Ms. Kathleen Oleson, representative of the League of Women Voters of Pulaski County, Dr. Shoemaker stated that upon the execution of a letter of intent, Tetra Tech can begin working with CAW staff on the selection of members for the stakeholders group.

Upon a motion duly made by Dr. Roby Robertson, Commissioner, and seconded by Commissioner Dickey, the Board approved a contract for Phase I.

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

Francille Turbyfill, Secretary/Treasurer

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

July 14, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, July 14, 2005, in the Third Floor Board Room of the Capitol Avenue Utilities Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, P.E., Chief Operating Officer
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Mr. Stan Benton, Director of Distribution
Mr. Jim Ferguson, Director of Engineering
Mr. Gary Hum, Director of Source & Treatment
Mr. Gerald Boon, P.E., Assistant Director of Finance
Mr. Dennis Yarbro, P.E., Supervisor of Water Sources,
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings Law Firm
Mr. Blake Rutherford, Attorney for CAW with Wright, Lindsey & Jennings Law Firm
Mr. Sam Ledbetter, CAW Attorney with McMath-Woods Law Firm

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed
Ms. Ruth Bell with the League of Women Voters of Pulaski County
Mr. Lee Bodenhamer, Property Owner within the Lake Maumelle Watershed
Mr. Staton Breidenthal, Photographer with the *Arkansas Democrat-Gazette*
Ms. Nancy Clark with the League of Women Voters of Pulaski County
Ms. Nicole Class with the Grande Maumelle Sailing Club
Ms. Pat Dicker, Pulaski Quorum Court Member, District 7
Mr. Herb Dicker, President of the Little Rock Neighborhood Connections
Mr. Craig Douglass, President of Craig Douglass Communications, a public relations firm representing Deltic Timber, Inc.
Mr. Barry Haas, President of the Kanis and Denny Roads Water Improvement District #349 of Pulaski County
Mr. Glen Hooks, Associate Regional Representative of the Sierra Club
Ms. Stephanie Hymel, Office Manager for Audubon Arkansas

Ms. Jill Joslin, Vice President and Account Supervisor with Heathcott Associates
Mr. Jim Julian, Attorney for Deltic Timber, Inc., with Chisenhall, Nestrud & Julian, P.A., Law Firm
Ms. Dolores LeCompte with the Sierra Club
Mr. Hyatt Lee, D.D.S., with the Sierra Club
Ms. Jeane Lette, Citizen of Little Rock
Mr. Jim Lynch, President of the Coalition of Little Rock Neighborhoods
Mr. Mike Marlar with Marlar Engineering Company, Inc.
Mr. Mark Mathews, Photographer
Ms. Carolyn Methany, Citizen of Little Rock
Ms. Barbara Meyer, former Arkansas Attorney General
Mr. Allen Mullins, C.P.A., Principal Consultant with PROS Consulting, L.L.C.
Ms. Ginger Murray, Customer
Mr. Chuck Nestrud, Attorney for Deltic Timber, Inc., with Chisenhall, Nestrud & Julian, P.A., Law Firm
Ms. Suzi Parker with the Sierra Club
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer
Mr. Grover Rowan, Photographer with KLRT-TV, Channel 16
Mr. William "Bill" Saunders with the Sierra Club
Mr. Carl Stapleton, Ph.D., Associate Professor of Biology with the University of Arkansas at Little Rock
Mr. Dewey Watson, Attorney for Deltic Timber, Inc., with Friday, Eldredge & Clark Attorneys
Ms. Kathy Webb with the Sierra Club
Ms. Kathy Wells, President of the Downtown Neighborhood Association
Ms. Jill Zeman, Reporter with the *Arkansas Democrat-Gazette*

Call to Order of July 14, 2005, Meeting

Mr. Tom Rimmer, Chair, called to order the July 14, 2005, meeting of the CAW Board of Commissioners.

Approval of Board Minutes

Chair Rimmer called for a motion to approve the minutes to the June 2, 2005, regular meeting and the June 9, 2005 special called telephone conference meeting. Upon a motion duly made by Mr. Eddie Powell, Commissioner and seconded by Mr. Jay Hartman, Commissioner, the Board approved the minutes.

Recognition of Service to Board of Commissioners

Chair Rimmer presented to Eddie Powell, past chair, a plaque on behalf of the Board of Commissioners, Central Arkansas Water, in recognition of Mr. Powell's leadership and service to the Board of Commissioners. Chair Rimmer said that the Board appreciates Mr. Powell's dedicated work during a trying year.

Brushy Island Water Association Update

Mr. Jim Harvey, Chief Executive Officer, told the Board that Mr. Tad Bohannon, attorney for CAW with Wright, Lindsey & Jennings Law Firm, has done a tremendous amount of work with the Brushy Island Water Authority (Brushy Island) on a possible court order naming CAW as receiver for Brushy Island. Mr. Harvey asked Mr. Bohannon to update the Commissioners on

Brushy Island activities.

Mr. Bohannon told the Commissioners of a proposed court order appointing CAW as receiver of Brushy Island Water Authority. He said that the proposed court order repeatedly states that CAW will not assume any Brushy Island liability and that those liabilities would be the responsibility of Brushy Island residents.

In response to a question by Commissioner Powell, Mr. Bohannon stated that the cities of Sherwood and Jacksonville were in agreement with the proposed court order. Mr. Bohannon reminded the Board that the cities of Jacksonville and Sherwood have agreed to share a portion of the cost of a water transmission main that would run through the Brushy Island area and payment of their portion would be made once the court order is signed by the Court.

Commissioner Powell asked Mr. Bohannon to define the authority given in the court order for CAW to borrow money on behalf of Brushy Island. Mr. Bohannon responded that CAW can borrow up to \$250,000 at a time on behalf of Brushy Island without an additional court order.

Ms. M. Jane Dickey, Commissioner, asked if the Brushy Island debt service payments and the tie-on fees would go to repayment of the debt. Mr. Bohannon responded that Brushy Island payments and tie-on fees were for repayment of debt.

Mr. Bohannon stated that upon approval of receivership by the CAW Board of Commissioners, Brushy Island will file a motion with the court to go into receivership.

Upon a motion duly made by Commissioner Powell and Ms. Francille Turbyfill, Commissioner, the Board approved a motion to allow CAW to take receivership of Brushy Island Water Authority pursuant to a court order.

Acquisition of Property in Zone 1 of the Lake Maumelle Watershed

Mr. Harvey told the Board that on June 15, 2005 CAW sent to Deltic Timber, Inc., (Deltic) by certified mail an offer to purchase their portion of property located in Zone 1 of the Lake Maumelle Watershed, along with a \$10,000 check as earnest money. Mr. Harvey told the Board that on June 24, 2005 CAW received a letter from Deltic rejecting CAW's offer.

Mr. Harvey added that on June 24, 2005 CAW mailed a letter to Mr. Lee Bodenhamer, President, J.H. Land, Inc./Athabasca, Inc., with an offer to purchase land located within Zone 1 of the watershed. The letter stated the offer would expire on July 5, 2005. Mr. Bodenhamer originally rejected the offer because of the time needed to contact the partners in J.H. Land, Inc./Athabasca, Inc. Mr. Harvey stated that after speaking with Mr. Bodenhamer, CAW agreed to extend the deadline on the offer to July 26, 2005.

Mr. Harvey told the Board that as a result of the rejection by Deltic of CAW's offer to purchase property within Zone 1 of the Lake Maumelle Watershed, staff recommends proceeding with condemnation of the property.

Chair Rimmer stated that it had been suggested that staff try again to reach an agreement with Deltic. The agreement would bind Deltic to abide by the restrictions resulting from the watershed management plan that is currently being conducted by Tetra Tech, Inc. or, if those restrictions are too onerous, to sell the property to CAW on an agreed upon price that would be negotiated in the agreement.

Mr. Harvey reminded the Board that CAW has received an appraisal of the Deltic property and that the Board has always authorized the purchase of property up to the appraised value. He asked if they want to grant staff the authority to go above the appraised value, if necessary.

Commissioner Powell said he thinks staff has experience at handling negotiations and that the Board will trust the judgment of staff to come back with a reasonable price.

Motion Regarding Acquisition of Property in Zone 1 of the Lake Maumelle Watershed

Commissioner Powell made a motion to direct CAW staff to explore a resolution with Deltic that would set the value of the land (see attached legal description) at a mutually agreed upon price and also that Deltic would sign a binding agreement to accept the ultimate determination of the Board of Commissioners of Central Arkansas Water with regard to development in light of the Comprehensive Watershed Management Plan by Tetra Tech, Inc. Also, staff is instructed to report back to the Board of Commissioners at the regularly scheduled Board Meeting on September 8, 2005 regarding negotiations with Deltic that will take place between today and September 8, 2005 and if no reasonable resolution is arrived at by September 8, 2005, the Commission will continue to pursue the instructions given to staff contained in Resolution 2003-10. Further, staff is directed that the negotiated price is not withstanding the appraised value.

Commissioner Dickey recused herself from discussing or voting on this issue.

Public Comments

Chair Rimmer said that at this time, the Board would hear public comments, with a three-minute time limit per speaker.

Mr. Jim Lynch, President of the Coalition of Little Rock Neighborhoods, told the Board that he could not understand why they are reversing the policy on acquiring land within the Maumelle Watershed. He stated that he believes the Board needs to protect the land and drinking water supply. He added that 360,000 customers are depending on the Board to maintain the current quality of the drinking water.

Mr. Lynch questioned what the public would gain by the Board delaying acquisition of the Deltic property. He added that if the water management plan study determines development within the watershed is feasible, option to sell the land back to Deltic at the purchase price is available.

Ms. Ruth Bell with the League of Women Voters of Pulaski County said that the league is concerned about maintaining the current water quality at a reasonable price and asks that the Board act to preserve the land within the Lake Maumelle Watershed.

Ms. Carolyn Methany, Little Rock resident, told the Board that she has been very proud of CAW in the last few years. She stated that the public has been counting on the Board to carry through on their long-standing policy of protecting the quality of the drinking water. She added that the quality of drinking water in this area is something unique and special and that the Board needs to continue to protect the water.

Chair Powell asked to make a statement regarding public comments up to this point. Commissioner Powell said that the perception that the Board would not do anything on this issue is mistaken. He stated the motion was made to try to arrive at a price that is fair and

equitable. He added that in doing so the Board is trying to save the ratepayers money and that he will be ready to make a decision at the September 8, 2005 Board Meeting.

Ms. Stephanie Hymel of Audubon Arkansas told the Board that Audubon is in total support of staff's recommendation to proceed with immediate condemnation of the property in question.

Mr. Glen Hooks of the Sierra Club told the Board that he had served last year on the Task Group for Watershed Management. He said that development in Zone 1 of the watershed is not a good idea and believes that the study will confirm this opinion. He stated that the Sierra Club asks that the staff proceed with immediate condemnation of the Deltic property located in Zone 1 of the watershed.

Dr. Hyatt Lee of the Sierra Club spoke as a private citizen. Dr. Hyatt said that in the past he has taught science at the high school level and understands and agrees with the science behind CAW's restrictions on development within Zone 1 of the watershed. He added that development within the watershed will cause pollution in the water.

Ms. Kate Althoff, coordinator of Citizens Protecting Maumelle Watershed, stated that she thinks Commissioner Powell did a great job in leadership while serving as Chair of the Board during trying times.

Ms. Althoff stated that she believes the public will be confused by the message sent in delaying action on condemnation proceedings and asked what risk there is for ratepayers if the condemnation process is not taken today by the Board. She added that the public needs to know why continuation of the condemnation process is not being taken. She further asked if the lack of action by the Board at this meeting minimizes the risk to the ratepayers or to Deltic.

Ms. Althoff said that she believes the least risk to the land is for it to be in the possession of CAW. She stated that Deltic has no risk in immediately selling the land to CAW because of CAW's stipulation that they would sell the land back to Deltic if the study shows that development within the watershed would not harm water quality.

Commissioner Powell said that he would highly support public hearings to explain the Board's position on the acquisition of property within Zone 1 of the Lake Maumelle Watershed.

Dr. Carl Stapleton, Associate Professor of Biology with the University of Arkansas at Little Rock, told the Board that the science hasn't changed since they authorized CAW staff to acquire property in Zone 1.

Dr. Stapleton added that this study toward the creation of a comprehensive plan will only mirror what has been collected over the last 25 years. The data will show that development should not be allowed in this area.

Dr. Stapleton reiterated that the science will not change in the next two months and asked that the Board make a decision based on science and not wait to begin condemnation proceedings.

Mr. Barry Haas, President of the Kanis and Denny Roads Water Improvement District #349 of Pulaski County, told the Board that Water Improvement District #349 worked diligently over the last seven years in order to become a part of the CAW distribution system. Mr. Haas mentioned that the water district spent more months than what should have been necessary gaining water easement from Deltic and that Deltic was not an easy to work with in gaining those easements.

Mr. Haas said that he would like to applaud CAW management for trying to protect the water quality of Lake Maumelle and added that he urges the Board to accept CAW staff recommendations and begin condemnation proceedings immediately.

Ms. Kathy Wells, President of the Downtown Neighborhood Association, urged the Board to be cautious when agreeing to negotiate a price that may be above CAW's appraised value. She stated she strongly objects to paying above appraised value for property.

Ms. Wells stated that it is her belief that this delay only gives Deltic time to make changes that would raise the value of the property and she urged the Board to not pay over appraised value.

Mr. Haas asked what will happen on September 8 if no agreement has been reached between Deltic and CAW.

Commissioner Robertson stated that he shares Mr. Haas' pessimism as to the probability of reaching an agreement with Deltic, but added that he believes the effort to reach an agreement should be made.

Mr. Craig Douglass, President of Craig Douglass Communications, a public relations firm representing Deltic Timber, Inc., addressed the Board and restated Deltic's position on development within the watershed.

Mr. Douglass reminded the Board that they had voted to adopt the recommendations of the Task Group for Watershed Management of which one was to hire a consultant to conduct a comprehensive watershed management study.

Mr. Douglass stated that Deltic has proposed that, pending the outcome of the comprehensive watershed plan as developed by Tetra Tech, they will defer all action on the property in question within the watershed; not cause to be introduced nor support any legislation in the next General Assembly meant to hamper or eliminate CAW's power of eminent domain. Likewise we would hope that the Board would not condemn the land and would not pursue any legislation on this issue.

Mr. Lynch pointed out that even though Deltic would not introduce legislation in the next session, it would not prevent someone who was working on Deltic's behalf from introducing such legislation.

Mr. Douglass added that Deltic would share all the independent data they have obtained with the independent consultant, and that they would like to work with the CAW Board and staff sharing the same goal to protect the water quality of Lake Maumelle

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

Approval of Contracts/Agreements

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

- i. a low bid from Landers Ford for \$102,785 for the purchase of two dump trucks

- ii. a contract with Building & Utility Contractors, Inc., for \$289,880 for the installation of approximately 4,400 linear feet of 2-inch-diameter water main in various locations throughout the City of Little Rock (This project is in conjunction with the City's Bond Street Resurfacing Program.)
- iii. a contract with Diamond Construction Company for \$339,993 for the installation of 4,800 linear feet of 12-inch-diameter water main as part of a City of Little Rock street improvement project along Fourche Dam Pike and Colby Road
- iv. a contract with Building & Utility Contractors, Inc., for \$666,902 for water line installations in Little Rock: Approximately 2,100 linear feet of 12-inch-diameter in Hinson Road; 1,700 linear feet of 12-inch-diameter in Kirk Road; 3,000 linear feet of 8-inch-diameter in Dixon Road; and 840 linear feet of 8-inch-diameter in Russenberger Road
- v. a contract with Garver Engineers for \$473,120 for professional services for the design and oversight of construction of the Jack H. Wilson Water Treatment Plant High Service Pump Station #2 (CAW's share of the \$473,120 is \$236,560. The remainder of the contract amount will be shared by the Northbelt Transmission Main partners.)

Preliminary Proposal for New Rate Schedule

Mr. Gary Pittman, Chief Financial Officer, presented a preliminary proposal for a new rate schedule covering the years 2006, 2007, and 2008. Mr. Pittman also introduced Mr. Allen M. Mullins, C.P.A., Principal Consultant with PROS Consulting, L.L.C., and said that Mr. Mullins would answer questions from the Commissioners regarding the proposed rate schedule.

Mr. Pittman told the Board that staff will prepare a draft resolution for review following the input and feedback from today's meeting. Also, Mr. Pittman suggested that a public hearing on the new rate schedule be held at 1 p.m. August 11, 2005, prior to the regularly scheduled August Board Meeting.

Mr. Pittman told the Board that the resolution would be presented for their approval at the September Board Meeting. He added that if at that time the Board approves the resolution, it would be presented to the Little Rock City Board of Directors and the North Little Rock City Council to begin the 90 day review period. Absent disapproval by both cities, the rate schedule would become effective January 1, 2006.

Regionalism Report

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

- Mid-Arkansas Water Alliance (MAWA) members met with the Colonel Walters of U.S. Army Corps of Engineers regarding MAWA's 2003 request to take supplemental water from Lake Ouachita and Greers Ferry Lake. MAWA changed their projections from 2050 to 2025, lowering the amount of water requested. This lower request allows the Corps to proceed without the requirement of an environmental impact study.
- Distributed a resolution authorizing CAW to study the feasibility of selling raw water to the Paron-Owensville Water Users Association.

Upon a motion duly made by Commissioner Powell and second by Mr. Jay Hartman, Commissioner, the Board approved the resolution.

Commission Briefing

- Mr. Harvey asked Mr. Bruno Kirsch, Jr., P. E., Chief Operating Officer, to update the Board on the Lake Maumelle Watershed.

Mr. Kirsch told the Board that he would provide a written report on the watershed in the monthly Board packet.

Mr. Kirsch told the Board that Tetra Tech, Inc., is currently in the assessment phase of the Comprehensive Watershed Management study and that he is providing them with data in an electronic form that CAW has compiled regarding Lake Maumelle Watershed.

Mr. Kirsch told the Board that Tetra Tech has suggested the advisory council consist of approximately 20 people from various cities and organizations. Mr. Kirsch added that the first meeting of the advisory council will be September 8, 2005.

Mr. Tony Kendall, Commissioner, asked Mr. Kirsch to summarize his update for the Board in writing.

- Mr. Harvey asked Mr. Thad Luther, P.E., Chief Operating Officer to update the Board two engineering projects. Mr. Luther told the Board that Garver Engineers, Inc., has recommended combining the 2005 Wilson switchgear project with generator improvements budgeted for 2006. He added that the combined projects would cost approximately \$3 million and that he would have bids to present to the Board at the next meeting.
- Mr. Harvey told the Board that CAW has give permission to the City of Little Rock to access several fire hydrants to use during National Night Out.

Executive Session

The Board met in executive session. After reconvening, Chair Rimmer said no action is to be taken.

Adjournment

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

Dr. Roby Robertson, Secretary/Treasurer

LAND DESCRIPTION

Part of **The Ridges at Nowlin Creek** and other Property Lying Within the Lake Maumelle Drainage Basin

A tract of land located in the NE $\frac{1}{4}$, of Section 6, Township 2 North, Range 14 West; **and** the SW $\frac{1}{4}$, NW $\frac{1}{4}$ and the SW $\frac{1}{4}$ and the SE $\frac{1}{4}$ of Section 31 and the W $\frac{1}{2}$, NW $\frac{1}{4}$, SW $\frac{1}{4}$ and the S $\frac{1}{2}$, SW $\frac{1}{4}$ and the W $\frac{1}{2}$, SW $\frac{1}{4}$, SE $\frac{1}{4}$ of Section 32; all in Township 3 North, Range 14 West; **and** the SE $\frac{1}{4}$, and the SE $\frac{1}{4}$, SW $\frac{1}{4}$ and the S $\frac{1}{2}$, NE $\frac{1}{4}$ of Section 36, Township 3 North, Range 15 West, Pulaski County, Arkansas, being more particularly described as follows

Beginning at the northwest corner of the S $\frac{1}{2}$, NE $\frac{1}{4}$ of said Section 36; thence easterly along the center line of said NE $\frac{1}{4}$ and the north line of the SW $\frac{1}{4}$, NW $\frac{1}{4}$ of said Section 31 for a distance of 4,008 feet to the northeast corner of said SW $\frac{1}{4}$, NW $\frac{1}{4}$; thence southerly along the east line of said SW $\frac{1}{4}$, NW $\frac{1}{4}$ for a distance of 1,351 feet to the north line of the SW $\frac{1}{4}$ of said Section 31; thence easterly along the center line of the SE $\frac{1}{4}$ of Section 31 and the center line of Section 32 for a distance of 4,678 feet to the northeast corner of the W $\frac{1}{2}$, NW $\frac{1}{4}$, SW $\frac{1}{4}$ of said Section 32; thence southerly along the east line of said W $\frac{1}{2}$, NW $\frac{1}{4}$, SW $\frac{1}{4}$ of Section 32 for a distance of 1,308 feet to the center line of the SW $\frac{1}{4}$ of said Section 32; thence easterly along the center line of said SW $\frac{1}{4}$ and the north line of the W $\frac{1}{2}$, SW $\frac{1}{4}$, SE $\frac{1}{4}$ of said Section 32 for a distance of 2604 feet to the northeast corner of the W $\frac{1}{2}$, SW $\frac{1}{4}$, SE $\frac{1}{4}$ of Section 32; thence southerly along the center line of said SW $\frac{1}{4}$, SE $\frac{1}{4}$ of Section 32 for a distance of 1,316 feet to the south line of said Section 32; thence westerly along said south line of said Section 32 and the south line of said Section 31 for a distance of 3,915 feet to the northeast corner of said Section 6; thence southerly along the east line of said Section 6 for a distance of 464.87 feet to the approximate edge of the Lake Maumelle drainage basin; thence approximately along the northerly line of the Lake Maumelle drainage basin the following bearings and distances: N52°08'55" W, 57.24 feet, N70°39'19" W, 69.27 feet, N53°17'33" W, 71.95 feet, N70°48'40" W, 59.85 feet, N01°54'40" W, 96.24 feet, N10°31'08" W, 63.75 feet, N73°35'39" W, 57.45 feet, N87°06'17" W, 77.92 feet, N76°59'32" W, 54.35 feet, N81°42'15" W, 109.92 feet, N69°48'56" W, 86.91 feet, N87°40'50" W, 102.11 feet, N57°54'22" W, 76.96 feet, N28°01'43" W, 95.11 feet, N47°17'22" W, 146.76 feet, S82°33'37" W, 57.60 feet, S74°54'28" W, 117.53 feet, S81°19'52" W, 136.59 feet, S87°15'28" W, 56.29 feet, N72°11'32" W, 65.59 feet, N80°40'28" W, 50.16 feet, S74°47'46" W, 89.39 feet, S76°53'21" W, 111.56 feet, N85°39'53" W, 61.21 feet, N81°23'31" W, 77.35 feet, N39°13'43" W, 129.31 feet, N70°18'54" W, 122.99 feet, N48°09'03" W, 199.60 feet, S84°22'44" W, 220.23 feet, N61°13'14" W, 229.23 feet, N72°06'43" W, 55.55 feet, N89°37'34" W, 144.80 feet, N07°52'27" W, 51.46 feet, N62°43'53" W, 249.32 feet, N57°36'48" W, 252.14 feet, N62°06'44" W, 78.02 feet, N82°49'43" W, 101.85 feet, S61°26'54" W, 53.92 feet, S89°28'19" W, 133.80 feet, N82°11'24" W, 150.64 feet, N67°22'37" W, 56.98 feet, N58°54'16" W, 73.03 feet, N71°51'45" W, 65.42 feet, N78°40'02" W, 93.01 feet, N80°29'55" W, 127.38 feet,

N86°37'16" W, 109.43 feet, S89°58'42" W, 53.10 feet, N82°55'22" W, 68.50 feet, S88°58'59" W, 44.52 feet, N86°39'47" W, 67.17 feet, N84°28'06" W, 53.19 feet, S87°59'18" W, 90.28 feet, N82°35'05" W, 91.21 feet, N89°58'04" W, 53.25 feet, N79°22'02" W, 53.11 feet, S79°40'35" W, 51.95 feet, N81°32'10" W, 86.35 feet, S81°36'11" W, 49.64 feet, N84°20'19" W, 69.74 feet, S72°39'40" W, 67.51 feet, S85°35'45" W, 90.51 feet, S83°12'27" W, 51.07 feet, N56°56'39" W, 44.00 feet, N73°09'42" W, 154.26 feet, N65°12'10" W, 159.26 feet, S66°32'07" W, 54.82 feet, S77°38'42" W, 62.91 feet, S63°15'48" W, 141.79 feet, S89°40'14" W, 62.59 feet, S76°41'16" W, 56.23 feet, N78°08'35" W, 53.75 feet, S88°56'39" W, 88.34 feet, N85°42'32" W, 94.97 feet, N75°39'33" W, 92.40 feet, S68°13'10" W, 52.78 feet, S45°52'10" W, 124.24 feet, S54°13'01" W, 88.71 feet, S51°13'59" W, 139.57 feet, S62°39'37" W, 223.29 feet, S57°46'32" W, 234.23 feet, S71°37'48" W, 175.29 feet, S48°38'15" W, 55.76 feet, S44°12'15" W, 75.36 feet, S35°38'28" W, 180.93 feet, N87°29'01" W, 258.82 feet to the west line of "The Ridges at Nowlin Creek" as shown a Preliminary Plat dated February 20, 2004, by White-Daters & Associates, Inc.; thence departing the approximate edge of the Lake Maumelle drainage basin northwesterly along the subdivision line for a distance of 945.61 feet to the proposed center line of Nowlin Creek Boulevard as shown on said Preliminary Plat; thence northerly and continuing along said west line of "The Ridges at Nowlin Creek" 392 feet to the center line of said SW ¼ of Section 36; thence easterly along the north line of said SE ¼, SW ¼, Section 36 for a distance of 365 feet to the center line of said Section 36; thence northerly along the center line of Section 36 for a distance of 2,626 feet to the **Point of Beginning**; containing 665.5 acres (28,990,000 S.F.), more or less. Less & except the N ½ of the S ½, NE ¼ of said Section 36 containing 30.8 acres (1,343,300 S.F.), more or less.

Total land included in said "The Ridges at Nowlin Creek" and Lying within the Lake Maumelle Drainage Basin is 634.7 acres (27,646,700 S.F.)

This description shall also include a tract of land located in the N ½, NW ¼, of Section 1, Township 2 North, Range 15 West; and the S ½, SW ¼ of said Section 36 which is outside of and west of said "The Ridges at Nowlin Creek", being more particularly described as follows:

Beginning at the southwest corner of said Section 36; thence northerly for a distance of 1395 feet to the north line of said S ½, SW ¼, Section 36; thence easterly for a distance of 2225 feet to the west line of "The Ridges at Nowlin Creek"; thence southerly along said west line of "The Ridges at Nowlin Creek" 392 feet to the proposed center line of Nowlin Creek Boulevard as shown on said Preliminary Plat; thence southeasterly along said west line of "The Ridges at Nowlin Creek" for a distance of 945.61 feet to the south line of said Section 36; thence 183 feet west along said south line of Section 36 to the approximate edge of the Lake Maumelle drainage basin; thence approximately along the northerly line of the Lake Maumelle drainage basin the following bearings and distances: S 72°10'11" W, 45.18 feet, S 83°13'06" W, 223.97 feet, S 88°59'45" W, 242.26 feet, S 88°01'43" W, 240.40 feet, N 83°04'09" W, 159.12 feet, N 73°56'47" W, 550.57 feet, N 81°16'24", 402.44 feet, N 80°53'27" W, 119.43 feet, S 85°50'13" W, 100.41 feet, S

69°04'31" W, 88.15 feet, S 44°00'32" W, 58.14 feet, S 47°14'58" W, 87.92 feet, S 51°01'42" W, 101.11 feet, S 64°28'01" W, 160.37 feet, S 61°50'26" W, 208.18 feet to the west line of said Section 1, Township 2 North, Range 15 West; thence departing the approximate edge of the Lake Maumelle drainage basin northerly along said west line of Section 1 for a distance of 231.15 feet to the **Point of Beginning**; less & except the Right-of-Way of Highway 10; containing 70.9 acres (3,087,900 S.F.), more or less.

Total of land described herein is approximately 705.6 acres, (30,734,600 S.F.), more or less.

***THIS LAND DESCRIPTION IS SUBJECT TO VERIFICATION
BY ACTUAL FIELD SURVEY AND LEGAL DESCRIPTION.**

RESOLUTION 2005-05

**RESOLUTION EXPRESSING INTENT OF CENTRAL ARKANSAS WATER TO
STUDY THE PRACTICALITY, FEASIBILITY, AND LONG TERM EFFECTS
OF SUPPLYING UNTREATED WATER TO THE PARON-OWENSVILLE
WATER AUTHORITY**

WHEREAS, the Paron-Owensville Water Authority ("Paron Water") is seeking sources of drinking water that will meet the long-term needs of their systems; and

WHEREAS, Central Arkansas Water owns and operates an untreated water transportation pipeline (the "Pipeline") located adjacent and in close vicinity to Paron Water; and

WHEREAS, Central Arkansas Water believes it currently has a sufficient supply of untreated water available to the Pipeline to meet the long-term needs of Paron Water; and

WHEREAS, the Consolidation Agreement under which Central Arkansas Water was created anticipates "a regional effort to secure a new source of water supply for central Arkansas, with a regional authority that can grow in number of members and in scope of responsibility"; and

WHEREAS, the Board of Commissioners desire to confirm the willingness of Central Arkansas Water to study the practicality, feasibility, and long term effects of supplying untreated water to Paron Water in an effort to meet the long-term needs of Paron Water on fair and equitable terms;

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

1. It is the intent of Central Arkansas Water to study the practicality, feasibility and long term effects of supplying untreated water to Paron Water in quantities sufficient to meet its long-term needs. If it is determined that it is practical, feasible and in the best interest of Central Arkansas Water to supply untreated water to Paron Water, then it is further the intent of Central Arkansas Water that the rates, fees and other charges for such water shall be fair and equitable to Paron as compared to other water customers of Central Arkansas Water. Specifically, the Board of Commissioners contemplates that the rates, fees and other charges to be proposed to the Paron-Owensville Water Authority will be determined in a fair and equitable manner using the national standards for pricing as set forth by the American Water Works Association and other applicable professional standards.

2. The management and staff of Central Arkansas Water are authorized to enter into discussions with the management, staff and duly appointed agents of the Paron Water to further the purposes of these resolutions, and to recommend to the Board of Commissioners appropriate arrangements for carrying out the intent of these resolutions.

The foregoing resolutions have been duly adopted by the Board of Commissioners of Central Arkansas Water at a meeting of the Board of Commissioners of Central Arkansas Water held on July 14, 2005.

Attest:



Dr. Roby Robertson, Secretary/Treasurer

APPROVED:



Tom Rimmer, Chair

RESOLUTION 2005-06

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER, THAT the remaining commissioners do hereby re-appoint Mr. Powell to a seven-year term, subject to approval by the duly elected and qualified members of the Board of Directors of the City of Little Rock and the City Council of the City of North Little Rock, and that his term of office will be July 1, 2005, through June 30, 2012.

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

CERTIFICATE

I, Dr. Roby Robertson, Secretary of the Board of Commissioners, Central Arkansas Water, certify that, as such Secretary, I have custody of the Minutes and documents of Central Arkansas Water, and that the above and foregoing is a correct copy of a resolution adopted by said Board of Commissioners at its regular meeting held July 14, 2005.

Dr. Roby Robertson, Secretary

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

August 11, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, August 11, 2005, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

Absent:

Ms. M. Jane Dickey, Commissioner

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Mr. Stan Benton, Director of Distribution
Mr. Jim Ferguson, Director of Engineering
Ms. Becky Wahlgreen, Director of Human Resources
Mr. Gary Hum, Director of Source & Treatment
Ms. Deirdre Newcomb, Human Resources Manager
Ms. Connie Horn, Management Secretary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings Law Firm

Also in attendance:

Ms. Ruth Bell, Representative of League of Women Voters of Pulaski County
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Dee Brown, P.E., Manager of Electrical Engineering for Garver Engineers, L.L.C.
Ms. Pat Dicker, Pulaski Quorum Court Member, District 7
Mr. Herb Dicker, President of Little Rock Neighborhood Connections
Mr. Craig Douglass, President of Craig Douglass Communications, a public relations firm representing Deltic Timber, Inc.
Mr. Gary Heathcott, President of Heathcott Associates
Mr. John Hofheimer, Reporter for *The Leader* newspaper
Mr. Marcus Howard, Reporter with *The Times* of North Little Rock
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer
Ms. Jill Zeman, Reporter with the *Arkansas Democrat-Gazette*

Also present by telephone conference:

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

Call to Order of August 11, 2005, Meeting

Mr. Tom Rimmer, Chair, called to order the August 11, 2005, meeting of the CAW Board.

Approval of Board Minutes

Chair Rimmer called for a motion to approve the minutes to the July 14, 2005, meeting. Upon a motion duly made by Dr. Roby Robertson, Commissioner, and seconded by Ms. Francille Turbyfill, Commissioner, the Board approved the minutes.

Brushy Island Water Authority Update

Mr. Tad Bohannon, attorney for CAW with Wright, Lindsey & Jennings, L.L.P., said Pulaski Circuit Court Judge Jay Moody has scheduled a hearing for August 25, 2005, to consider appointing CAW as receiver of the Brushy Island Water Authority. Mr. Bohannon added that CAW is ready to proceed with the letting of contracts for Brushy Island system improvements.

Resolution for Change in Employees Deferred Compensation Plan

Ms. Deirdre Newcomb, Human Resources Manager, reported on a change in the CAW Employees Deferred Compensation Plan (Internal Revenue Code § 457). She said CAW employees in the past have had two options on plan administration: Prudential/Retirement Plan Advisers and Nationwide Insurance. She said Prudential provided notice it no longer would offer the plan because of the low volume of dollars involved in the CAW employees' fund. Ms. Newcomb stated that CAW received six responses to a Request for Proposals and a selection committee chose U.S. Bank, N.A., to replace Prudential. She said the change will involve the transfer of employee funds to the U.S. Bank plan by October 1, 2005. Ms. Newcomb stated that U.S. Bank requires a resolution authorizing the bank to become a vendor for the CAW plan.

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

Selection of Commission Representative for Watershed Management Policy Advisory Council

Mr. Bruno Kirsch, P.E., Chief Operating Officer/Director of Watershed Management, said Tetra Tech, Inc., consultant for the Lake Maumelle Comprehensive Watershed Management Study, had recommended the Commission appoint a representative and alternate to the study's Policy Advisory Council. He said the first council meeting would be September 8 and emphasized the representative should be able to attend most, if not all, meetings.

Mr. Kirsch added that there are two councils: Policy Advisory Council and Technical Advisory Council. He said the Policy Advisory Council is representative of ratepayers, community organizations, elected officials, environmental groups, property owners within the lake's watershed, realtors, and recreational groups. He said the Technical Advisory Council consists of scientists and technical staff of governmental and environmental agencies. Mr. Kirsch said selection of a representative and alternate from the CAW Board would complete the membership of the advisory councils.

Chair Rimmer opened the floor to nominations for the Board appointees.

Upon a motion duly made by Commissioner Hartman and seconded by Commissioner Robertson, the Board appointed Ms. M. Jane Dickey, Commissioner, as the Board's representative on the Policy Advisory Council.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Robertson, the Board appointed Mr. Tony Kendall, Vice Chair, as the alternate.

Report by Tetra Tech, Inc., on Comprehensive Watershed Management Plan

Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, provided a progress report on the watershed study. He said the gathering of existing lake data is proceeding on schedule.

Mr. Clements said that on September 8, the Policy Advisory Council and the Technical Advisory Council will participate in an orientation meeting regarding the roles of the advisory councils and update on information the consultant has gathered. He said Tetra Tech also will share information as to previous work on watershed management. Mr. Clements said following orientation, the groups will begin working on management objectives.

Mr. Clements explained that the purpose of the technical council is to assist the policy council on technical issues.

Further, Mr. Clements stated that the final report on the work of the Policy Advisory Council will include the majority opinion. In response to a question from Commissioner Powell, Mr. Kirsch said the final report also may include a section for minority opinions.

Mr. Clements added that if the Policy Advisory Council could not agree on a recommendation, a sub-committee would work out an agreement. He said if the sub-committee was unable to reach agreement, the council would refer the issue to the CAW staff.

Approval of Contracts/Agreements

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

- i. a low bid from Koontz Electric Company, Inc., for \$3,385,583 for electrical switchgear upgrades and new generators at the Jack H. Wilson Water Treatment Plant

Distribution Department Update

Mr. Stan Benton, Director of Distribution, informed the Board of past and upcoming activities and projects of the Distribution Department. He said the department completed 20,000 work orders in 2004.

Chair Rimmer thanked Mr. Benton for his informative update.

Lake Maumelle Watershed Update

Mr. Kirsch told the Board that staff has scheduled two public meetings on Lake Maumelle Watershed management activities: 6 p.m. August 29 at the North Little Rock Laman Library and 6 p.m. August 30 at the Willie Hinton Neighborhood Resource Center in Little Rock.

Mr. Kirsch confirmed that both advisory councils will meet for orientation at 6 p.m. Thursday, September 8, at ALLTEL Arena in North Little Rock and the Technical Advisory Council will meet at 9 a.m. Friday, September 9, at the McMath Branch Library in Little Rock.

Regionalism Report

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

- As a result of a request from the Paron-Owensville Water System to purchase raw water from CAW, CAW is surveying utilities around the United States, regarding policies on raw-water sales. Staff will share the results with the Board.
- The Saline Watershed Alliance is considering two separate options for future supplemental water: Lake Ouachita or CAW.
- The City of Cabot is acquiring easements in order to connect to the Northbelt Transmission Water Main under construction in partnership with CAW, cities of Cabot and Jacksonville, and North Pulaski Water Works Association.
- Sardis Public Water Authority is constructing a transmission main that will connect to CAW's distribution system. The authority expects to start receiving water from CAW later this month or early next month.

Commission Briefing

Mr. Harvey briefed the Board on the following:

- Years ago, CAW contributed 50% toward the purchase cost for a mobile two-way communications radio for use by Pinnacle Mountain State Park rangers. The purchase was to allow communication between park rangers and the Arkansas State Police. This better communication provided for better response time to the Lake Maumelle area. The state now is going to program the system to allow direct communication between CAW and park personnel.
- The Executive Search Committee sent out a Request for Qualifications and received five responses from firms interested in providing executive search services to CAW. [in anticipation of the planned retirement of the CEO in December 2006] A presentation and interview process will take place on August 25 to assist the committee in making a final recommendation to the Board on the firm most qualified. Commissioners were invited to attend.
- The Black & Veatch Utility Executive Leadership Institute proved to be an outstanding and very informative program for CAW. Guest speakers included Mr. Tom Ridge, former U.S. Secretary of Homeland Security, and Mr. Robert Reich, former U.S.

Secretary of Labor. Mr. Harvey recently attended the institute in Half Moon Bay, California.

- Metroplan Council of Local Governments recently organized a trip to Portland, Oregon, for Little Rock-area civic leaders to meet with key business leaders and public officials in the Portland area. Mr. Harvey attended the trip, which focused on a regional approach to various challenges facing cities today.
- As follow-up to comments received during the 2005 session of the Arkansas General Assembly, CAW commissioned Flake-Wilkerson Market Insights, L.L.C., to interview business and community leaders, as well as elected officials, regarding their perceptions of CAW in relation to current issues facing the utility and the utility's support of economic development.
- Dennis Yarbro, Supervisor of Water Sources, continually monitors the levels at Lake Maumelle and Lake Winona and has noted that lake levels are adequate to supply customer demand typical for this time of year.
- Each month, the CEO's briefing will include an update on CAW policies.

Adjournment

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

Dr. Roby Robertson, Secretary/Treasurer

RESOLUTION 2005-07

A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN INTERNAL REVENUE CODE § 457 PLAN (EMPLOYEES DEFERRED COMPENSATION PLAN) WITH US BANK, N.A. FOR THE BENEFIT OF CENTRAL ARKANSAS WATER EMPLOYEES

WHEREAS, Central Arkansas Water (CAW) is eligible to offer a deferred compensation plan to employees in accordance with Section § 457 of the Internal Revenue Code (the "Code"); and

WHEREAS, the Employer has recommended that a § 457 (b) plan be established for the benefit of employees as that term is defined in the Code.

WHEREAS, in order to provide a vehicle to accumulate said deferred compensation it is desirable to establish a Trust with US Bank, N.A.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, CENTRAL ARKANSAS WATER, THAT the Employer hereby agrees to establish a plan and trust to be known as the Central Arkansas Water Deferred Compensation § 457 Plan – 2 respectively, each to be effective October 1, 2005.

BE IT FURTHER RESOLVED THAT the proper officers of the Employer shall take all such actions necessary to effect the establishment of this Plan including the execution of the Adoption Agreement and any other supporting documents.

CERTIFICATE

I, Dr. Roby Robertson, Secretary of the Board of Commissioners, Central Arkansas Water, certify that, as such Secretary, I have custody of the Minutes and documents of Central Arkansas Water, and that the above and foregoing is a correct copy of a resolution adopted by said Board of Commissioners at its regular meeting held July 14, 2005.

Dr. Roby Robertson, Secretary

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

September 8, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, September 8, 2005, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Kevin Hall, Director of Environmental Health & Safety
Mr. Dennis Yarbrow, P.E., Supervisor of Water Sources
Ms. Connie Horn, Management Secretary
Ms. Shaní Canada, Temporary Assistant to Director of Communications
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings Law Firm
Mr. Sam Ledbetter, Attorney for CAW with McMath-Woods, P.A.
Mr. Blake Rutherford, Attorney for CAW with Wright, Lindsey & Jennings Law Firm

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed
Ms. Ruth Bell, Representative of League of Women Voters of Pulaski County
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Ms. Kimberly Brewer, Associate Director of Tetra Tech, Inc.
Mr. Jay Chessir, Economic Development Team Leader for Little Rock Regional Chamber of Commerce
Ms. Nancy Clark, Representative of League of Women Voters of Pulaski County
Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.
Ms. Pat Dicker, Pulaski Quorum Court Member, District 7
Mr. Herb Dicker, President of Little Rock Neighborhood Connections
Mr. Craig Douglass, President of Craig Douglass Communications, a public relations firm representing Deltic Timber, Inc.
Ms. Pat Gee, President of Upper Baseline Neighborhood Association
Mr. Barry Haas, Representative of Citizens Protecting Lake Maumelle Watershed
Mr. Ray Hamilton, Photographer with KTHV-TV, Channel 7
Ms. Susan Hardin, Citizen

Mr. Gary Heathcott, President of Heathcott Associates
Mr. John Hofheimer, Reporter for *The Leader*
Mr. Glen Hooks, Associate Regional Representative of Sierra Club
Mr. Marcus Howard, Reporter with *The Times* of North Little Rock
Ms. Stacy Hurst, Little Rock City Director
Mr. Dale Ingram, Member of Hillcrest Property Owners Association and Sierra Club
Ms. Myra Jones
Mr. Hank Kelley, Chief Executive Officer for Flake & Kelley Commercial
Ms. Delores A. LeCompte, Member of Sierra Club
Mr. Jim Lynch, President of Coalition of Little Rock Neighborhoods
Ms. Ginger Murray, Representative of Citizens Protecting Maumelle Watershed
Mr. Chuck Nestrud, Attorney for Deltic Timber, Inc., with Chisenhall, Nestrud & Julian, P.A.,
Law Firm
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer
Mr. William "Bill" Saunders, Member of Sierra Club
Mr. Bill Shepherd, Citizen
Ms. Leslie Shoemaker, Ph.D., Vice President of Water Resources with Tetra Tech, Inc.
Mr. Ken Smith, Executive Director of Audubon Arkansas
Mr. Charles Venus, Ph.D., Economist for Deltic Timber Corporation
Ms. Kathy Wells, President of Downtown Neighborhood Association
Ms. Jill Zeman, Reporter with *Arkansas Democrat-Gazette*

Call to Order of September 8, 2005, Meeting

Mr. Tom Rimmer, Chair, called to order the September 8, 2005, meeting of the CAW Board.

Approval of Board Minutes

Chair Rimmer called for a motion to approve the minutes to the August 11, 2005, meeting. Upon a motion duly made by Mr. Eddie Powell, Commissioner, and seconded by Mr. Jay Hartman, Commissioner, the Board approved the minutes.

Brushy Island Water Authority Update

Mr. Tad Bohannon, attorney for CAW with Wright, Lindsey & Jennings, L.L.P., said that at a hearing held on August 25, 2005, Pulaski County Circuit Judge James Moody appointed CAW receiver of the Brushy Island Water Authority. He said CAW staff bid the contracts for the Brushy Island system improvements and the bids came back higher than anticipated. Mr. Bohannon added that CAW staff had scheduled a meeting with Arkansas Natural Resources Commission (formerly Arkansas Soil & Water Conservation Commission) to discuss the availability of additional funds to cover the unexpected cost increase.

Mr. Bohannon further stated that the City of Jacksonville, in consideration of the bid results, had agreed to pay its proportionate share of additional costs for the transmission main that is a part of the project.

Deltic Timber Corporation Property Located in Zone 1 of Lake Maumelle Watershed

Mr. Jim Harvey, Chief Executive Officer, restated the Board's July 2005 directive for CAW staff to negotiate over a 60-day period with Deltic Timber Corporation on the utility's purchase of ± 705.6

acres in Zone 1 of the Lake Maumelle Watershed. Mr. Harvey said that Mr. Charles Venus, Ph.D., an economist for Deltic Timber, had asked to address to the Board regarding this issue.

Dr. Venus told the Board that he had been an economist for 30 years and had analyzed CAW's proposed rate adjustments. He stated that he believes the price CAW has offered to purchase the Deltic property is up to one-half less than the price it should be. He stated he believes the purchase of the land by CAW would unnecessarily increase water rates.

Mr. Harvey introduced Mr. Sam Ledbetter, attorney for CAW with McMath-Woods, P.A.

Mr. Ledbetter told the Board that he has been attempting to negotiate with legal counsel for Deltic Timber on CAW's purchase of the property. He said he has been unable to reach an agreement on the purchase price and Deltic would not make CAW a counter-offer. He added that agents of Deltic Timber would only agree to set a date for establishing a value on the property but would not set a value on the property.

Mr. Ledbetter stated that he is encouraged by Dr. Venus' statement that CAW's offer is halfway toward the value Deltic Timber has put on the property. He said was under the impression Deltic's would be more than double CAW's offer.

Mr. Ledbetter stated he believes the offer of \$3,830,000 by CAW for the 705 acres is more than generous, based on the appraisal made by Mr. Ron Bragg, M.A.I., a professional real estate appraiser. Mr. Ledbetter reiterated that not only would Deltic not agree to the purchase price, the company's agents would not make CAW a counter-offer on the property.

Mr. Ledbetter added that he had approached Deltic with an offer that if both parties were able to reach an agreeable price for the property, he would recommend that CAW agree not to condemn, contingent upon Deltic's agreeing not to contest CAW's authority to condemn or attempt to have legislation introduced to do so. He stated that Deltic would not agree to the terms.

Chair Rimmer said he regrets that negotiations were not productive. He added that in view of the lack of developments in negotiations, the Board has no choice but to follow the mandate of the Board's July 14, 2005, action, which calls for the acquisition of the property if negotiations fail. Chair Rimmer added that no further Board action is necessary in that the prior motion authorizes staff to proceed with condemnation.

Ms. M. Jane Dickey, Commissioner, asked that the minutes of the September meeting reflect that she recused from the discussion and vote on the Deltic issue.

Dr. Roby Robertson, Commissioner, stated that at the July meeting, the Board made it very clear that resolutions approved by the governing boards in 1992, 1998, and 2003 remain in effect. (The resolutions directed that staff for the purpose of protecting the drinking water supply acquire certain properties within the Maumelle Watershed by purchase or condemnation.) He added it is his belief that, due to the lack of an agreement between Deltic Timber and CAW, staff already has the authority to condemn the property in Zone 1.

Chair Rimmer stated for clarification that the Board, by taking no action, re-affirms staff's authority to condemn the Deltic property in Zone 1.

Ms. Kate Althoff, Citizens Protecting Lake Maumelle Watershed, in addressing the Board, thanked the commissioners for their thoughtful consideration and clarification of the issue.

Chair Rimmer thanked the many civic and environmental organizations for their input on the protection of the Lake Maumelle Watershed.

Lake Maumelle Watershed Update

Mr. Bruno Kirsch, P.E., Chief Operating Officer/Director of Watershed Management, introduced Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.

Mr. Clements, who joined the meeting by telephone conference, explained to the Board the goals, purpose, and procedures of the two advisory councils that are participating in the Lake Maumelle Comprehensive Watershed Management Study. He also told the Board that the Policy Advisory Council would meet later that evening (September 8). He said the Technical Advisory Council would attend this meeting and meet separately the following morning (September 9).

Mr. Clements stated that the main purpose of the Technical Advisory Council is to provide advice and explain the technical aspects of watershed protection to the Policy Advisory Council.

In response to a question by Commissioner Dickey, Mr. Clements said the councils are representative of a diverse group of individuals throughout the business, environmental, and ratepayer communities. He stated that members of the stakeholder groups may submit questions and concerns through their representatives on the councils.

Mr. Kirsch said that Commissioner Powell and he will travel to Springfield, Missouri, September 14 – 15 to visit with representatives of the Watershed Committee of the Ozarks. He said they plan to view the treatment facilities and discuss the watershed management plan with directors of the watershed committee.

Report by Tetra Tech, Inc., on Comprehensive Watershed Management Plan

Mr. Clements provided a progress report on the watershed study. He said the gathering of existing lake data is proceeding on schedule.

Mr. Clements said that at this evening's meeting, both councils would participate in an orientation regarding the councils' roles and receive an update on information the consultant has gathered. He said Tetra Tech also will share information as to previous work on watershed management. Mr. Clements said following the orientation, the groups will begin working on watershed management objectives.

Further, Mr. Clements stated that the final report on the work of the Policy Advisory Council will consist of the majority opinion of members. In response to a question from Commissioner Powell, Mr. Kirsch said the final report also may include a section for minority opinions.

Mr. Clements added that if the Policy Advisory Council could not agree on a recommendation, a sub-group would seek a resolution and if the sub-group was unsuccessful, the council would refer the issue to the CAW staff.

Public Hearing on Lake Maumelle Watershed

Mr. Tony Kendall, Commissioner, asked about the outcome of the community meetings regarding Lake Maumelle Watershed protection.

Mr. Kirsch said the meetings at the William F. Laman Public Library in North Little Rock on August 29 and the Willie Hinton Neighborhood Resource Center in Little Rock on August 30. He said that with CAW staff, a total of 40 individuals attended. He said the consensus of public response at the meetings was support for protecting the Lake Maumelle Watershed.

Public Comments

Ms. Kate Althoff told the Board that members of Citizens Protecting Maumelle Watershed are very excited about the development of a comprehensive watershed management plan. She also said that she was very encouraged by the interest shown by the community in this issue.

Recognition of Award

Mr. Harvey announced to the Board that Little Rock Vice Mayor Barbara Graves and liaison to the CAW Board, is the 38th Top Manager of the Year for the Sales & Marketing Executives Association of Arkansas. On behalf of the CAW Board and staff, Mr. Harvey congratulated Vice Mayor Graves on this honor.

Approval of Contracts/Agreements

Prior to the Board's consideration of contracts, Commissioner Dickey, a partner in the Rose Law Firm, stated that she had not had time to check for conflicts of interest with clients of her law firm; therefore, she would abstain from voting on the contracts.

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

- i. a contract for \$151,972 for professional services with USI-Arkansas for the engineering design of 24-inch- and 30-inch-diameter water line extensions along Arkansas State Highway 107 from Kellogg Creek to Bayou Meto. (CAW, the cities of Jacksonville and Cabot, and the North Pulaski Water Works Association will share the cost. CAW's cost-share is \$35,000.)
- ii. a contract with Henley Construction Company in the amount of \$1,261,129 for the installation of 12,700 linear feet of 8-inch-diameter and 4,700 linear feet of 6-inch-diameter water main, 14 public fire hydrants, and fire flow improvements in North Little Rock, Sherwood, and Pulaski County (14 locations)
- iii. a contract with Kajacs, Inc., for \$1,949,100 for the installation of approximately 21,500 linear feet of 2-inch- through 24-inch-diameter water main within the Brushy Island distribution system (The awarding of the contract is conditional upon Brushy Island's securing adequate financing; participation by the cities of Sherwood and Jacksonville, along with CAW; and the CAW Board's accepting receivership of the water system.)

In response to a question from Commissioner Kendall as to the possibility of the contract price escalating, Mr. Jim Ferguson, P.E., Director of Engineering, stated that CAW has 60 days to award the contract and would not until all conditions are met. Mr. Ferguson also said that due to recent hurricane damage along the Gulf Coast, prices for pipe probably will increase.

Mr. Ferguson also stated that CAW has identified the need for an elevated storage tank in the Brushy Island area to improve service to portions of the CAW system. He said this addition to the project would increase CAW's proportionate cost for the pipeline to a total of \$165,690).

Environmental Health & Safety Update

Mr. Kevin Hall, Director of Environmental Health & Safety, updated the Board on the objectives and activities of the safety program.

Chair Rimmer thanked Mr. Hall for an informative update.

Public Comment

Mr. Hank Kelley, Chief Executive Officer of Flake & Kelley Commercial, told the Board that he has had several discussions with Mr. Harvey on behalf of the Little Rock Realtors Association. (He had submitted a communication to Mr. Harvey regarding the proposed rate adjustments for commercial customers.) He stated that the association would like to assist CAW on issues concerning conservation, watershed protection, and water rates.

Regionalism Report

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

- Saline Watershed Alliance – CAW continues to work with the alliance on funding for a future water source study.
- City of Cabot – Mr. Morgan will meet with the city’s newly-formed water commission this evening.
- 145th Street Water & Sewer Improvement District – At the request of the improvement district for a possible merger with CAW, CAW engineering staff is completing an analysis of the district for water system improvements that would be necessary before the possibility of merger.

Commission Briefing

Mr. Harvey briefed the Board on the following:

- With Little Rock Wastewater Utility’s move out of the Capitol Avenue Water Utility Building, part of the Third Floor and the entire Fourth Floor office space is available. Engineering Department, Geographic Information System, Pulaski Area Geographic Information System, and Administration staff at the Maryland Avenue Complex will move into the vacant office space in the next couple of weeks.

Mr. Harvey said Distribution Department employees at Maryland Avenue would occupy the vacant space there. He noted that the relocations would save the utility the \$750,000 budgeted for a new distribution building at Maryland Avenue.

- CAW is continuing to use the Paragon Building for storage. There had been hope that CAW might use it in cooperation with the City of Little Rock as a one-stop service center for payment of various utility bills, but nothing definite has resulted from talks. There have been inquiries as to whether the building is for sale.

Adjournment

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

Tony Kendall, Vice Chair

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

October 13, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, October 13, 2005, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

Absent:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Mr. Stan Benton, Director of Distribution
Mr. Jim Ferguson, P.E., Director of Engineering
Ms. Becky Wahlgreen, Director of Human Resources
Mr. Gerald Boon, C.P.A., Assistant Director of Finance
Mr. Buck Lewis, Special Projects Manager
Mr. David London, Maintenance Supervisor
Mr. Fred McGill, Water Distribution Specialist III
Mr. Bruce Sullivan, Maintenance Technician
Ms. Connie Horn, Management Secretary
Ms. Shaní Canada, Temporary Assistant to Director of Communications
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.
Mr. Sam Ledbetter, Attorney for CAW with McMath-Woods, P.A.
Mr. Blake Rutherford, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Present by conference telephone call:

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

Also in attendance:

Mr. Dee Brown, P.E., Manager of Electrical Engineering for Garver Engineers, L.L.C.
Mr. Barry Haas, Representative of Citizens Protecting Lake Maumelle Watershed
Ms. Connie Helmich, Attorney for Deltic Timber Corporation with Chisenhall, Nestrud & Julian, P.A.,
Ms. Myra Jones, Local Government Consultant
Ms. Jill Joslin, Vice President/Account Manager for Heathcott Associates
Mr. Hank Kelley, Chief Executive Officer for Flake & Kelley Commercial
Ms. Jessica Morkert, Reporter for KATV-TV, Channel 7
Mr. Mark Matthews, Photographer
Mr. Zack McDonald, Photographer for KATV-TV, Channel 7

Mr. Allen Mullins, C.P.A., Principal Consultant with Pros Consultants, L.L.C.
Ms. Kathleen Oleson, Representative of League of Women Voters of Pulaski County
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Mr. Rick Ramsay, President of Arkansas Canoe Club
Mr. Grover Rowan, Photographer for KLRT-TV, Channel 16
Ms. Jill Zeman, Reporter with *Arkansas Democrat-Gazette*

Call to Order of October 13, 2005, Meeting

Mr. Tom Rimmer, Chair, called to order the October 13, 2005, meeting of the CAW Board.

Employee Suggestion System Award

Chair Rimmer asked Mr. Stan Benton, Director of Distribution, to present the Employees Suggestion System Awards. Mr. Benton introduced Mr. Fred McGill, Water Distribution Specialist III; Mr. Bruce Sullivan, Maintenance Technician; Mr. David London, Maintenance Supervisor; and Mr. Buck Lewis, Special Projects Manager.

Mr. Benton said that Mr. McGill and Mr. Sullivan had submitted suggestions that improved efficiency and lowered the cost of materials. Mr. McGill's suggestion was to use plastic rather than metal material for CAW construction-site signage. Mr. Sullivan's suggestion related to the purchase of single parts rather than complete kits for repairs to treatment plant filter control valves. Chair Rimmer presented both employees with monetary and certificate awards.

Approval of Board Minutes

Chair Rimmer called for a motion to approve the minutes to the September 8, 2005, meeting. Upon a motion duly made, the Board approved the minutes.

Public Comments

Chair Rimmer introduced Mr. Rick Ramsey, President of the Arkansas Canoe Club.

Mr. Ramsey thanked Chair Rimmer for the opportunity to address the Board regarding the recreational use of kayaks on Lake Maumelle. Mr. Ramsey stated that the kayaks the club uses are not the low-profile variety, are very stable, and are not prone to turn-over. He asked that the Board keep this information in mind for future reference.

Brushy Island Public Water Authority Update

Mr. Tad Bohannon, attorney for CAW with Wright, Lindsey & Jennings, L.L.P., reminded the Board that at the September 8, 2005, meeting Mr. Jim Ferguson, P.E., Director of Engineering, had reported that increased pipe material prices had resulted in a higher-than-expected low bid on the \$1.9-million improvements project for Brushy Island Water Public Water Authority, CAW, and the cities of Jacksonville and Sherwood. He said he had submitted a revised court order to Pulaski County Circuit Judge James Moody. He said CAW currently is waiting for the judge to sign off on the additional costs.

Executive Search Committee Recommendation

Ms. Becky Wahlgreen, Director of Human Resources reported to the board on the Request for Qualifications (RFQs) to firms interested in serving as consultant to CAW in the search for a new Chief Executive Officer.

Ms. Wahlgreen presented a ranking of the firms based on qualifications and experience. She said CAW's Executive Search Committee reviewed the five RFQ responses and unanimously recommends to the Board the firm of Waters-Oldani Executive Recruitment, a Division of The Waters Consulting Group, Inc., of Dallas, Texas. She said the committee consists of Commissioner Powell, Mr. Harvey, and herself. (The search will be in anticipation of the 2006 retirement of Mr. Harvey.)

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

Sale of CAW Property at Capitol Avenue and Cumberland Street in Little Rock

Mr. Thad Luther, P.E., Chief Operating Officer, told the Board that staff has been working on the sale of CAW property at the southeast intersection of Capitol Avenue and Cumberland Street. He said the Little Rock Police Department plans to construct a police substation on the site, which currently is a utility parking lot.

Mr. Luther told the Board that CAW will use the \$67,500 in sale proceeds for repaving and sewer-line improvements on the property. He said CAW has agreed to this provision as part of the sale to the Police Department.

In response to a question by Commissioner Dickey, Mr. Luther stated that prior to the water utilities merger, Little Rock Wastewater Utility and the former Little Rock Municipal Water Works were joint owners of the property. He added that subsequent to the merger, CAW acquired the entire site. He said CAW employees currently use the parking lot and the property is not deemed surplus, thus revenue from the sale would not be payable to the City of Little Rock.

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

Resolution to Adjust Water Rates

Mr. Gary Pittman, Chief Financial Officer, introduced Mr. Allen Mullins, C.P.A., Principal Consultant with Pros Consultants, L.L.C., for an update on the proposed rate adjustment.

Mr. Mullins stated that the goals of the rate adjustments are to move closer to "cost of service" for each customer class systemwide and to further the regional philosophy of CAW.

Mr. Harvey told the Board that Mr. Pittman and he had met October 12, 2005, with four representatives of commercial businesses who have concerns about the proposed rate adjustments. He said the group asked CAW to spread out the increase over the entire 10-year time period allowed for equalization in the consolidation agreement. Mr. Harvey explained that, with regard to the mandate for equalization of rates within customer classes in Little Rock and North Little Rock, the utility could not justify extending the process.

Mr. Harvey stated that staff recommends the proposed rate adjustment as originally presented to the Board.

Mr. Hank Kelley, Chief Executive Officer for Flake & Kelley Commercial, asked the Board to consider the option of financing \$2.4 million in capital improvements from bond proceeds rather than rates. Mr. Pittman explained that the option would result in paying for the \$2.4 million in capital improvements over 20 years rather than 3 years. He said this option would lower the rate increase for commercial customers but would increase the rate of all customers during the 20-year repayment period of the bonds. Mr. Kelley also said that at the October 12 meeting with Mr. Harvey and Mr.

Pittman, the representatives asked Mr. Harvey whether there are capital improvements that the utility may delay to reduce the rate adjustment.

In response to Mr. Kelley's inquiry, Mr. Harvey responded that CAW's master plan, which qualified engineers prepared, calls for the capital improvements. He said the utility already was delaying some capital improvements and he could not justify delaying needed improvements for certain parts of the service area.

Upon a motion duly made by Mr. Tony Kendall, Commissioner, and seconded by Commissioner Hartman, the Board approved the rate schedule for the years 2006-2008. (The schedule is to be effective February 1, 2006, and now goes to the Little Rock Board of Directors and North Little Rock City Council for a 90-day review period.)

Resolution to Amend System Development Charges (SDCs) for Master-Metered Customers

Mr. Gerald Boon, C.P.A., Assistant Director of Finance, addressed the Board regarding a draft resolution amending the Schedule of System Development Charges for Master-metered Customers. Mr. Boon said that the resolution only amends the conversion factor for this class of customer, as necessitated by the rate changes, and does not change the amount of the charges. He added that the resolution is necessary because System Development Charges are a component of rates.

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

Contracts/Agreements

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

- A contract with Diamond Construction Company in the amount of \$1,736,053 for the installation of approximately 7,850 linear feet of 20-inch-diameter ductile iron water line to Booster Pumping Station #23 in North Little Rock (Montgomery Station near North Little Rock High School – East Campus).

Report by Tetra Tech, Inc., on Comprehensive Watershed Management Plan

Mr. Bruno Kirsch, P.E., Chief Operating Officer/Director of Watershed Management, introduced Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.

Mr. Clements, who joined the meeting via telephone conference, told the Board that it had been a highly productive month since the last Board meeting. He added that the policy and technical advisory groups are ahead of schedule in developing their goals and objectives for the Lake Maumelle Comprehensive Watershed Management Study advisory process.

Mr. Clements said that since the last Board meeting the Technical Advisory Council had met four times by telephone conference and next week he would present the results of the meetings to the Policy Advisory Council.

Mr. Clements said the next steps are to set preliminary values of what the councils are trying to achieve, to work with the Policy Advisory Council on determining management options, and to assess the recommendations of the Technical Advisory Council and Tetra Tech. He added that his firm would be able to accomplish many parts of Phase 2 and Phase 3 of the study at the same time.

Mr. Clements said that in order to proceed with the next steps, it is necessary to receive approval from the Board for Phase 2 and Phase 3 of the contract agreement. Mr. Clements said Tetra Tech would present a budget and quality assurance program at the Board's November meeting.

Commissioner Dickey, who serves on the Policy Advisory Council, voiced concerns of some community members who said they are looking forward to science-based recommendations for protection of the watershed. She added that some community members had voiced confusion as to the respective roles of the Technical Advisory Council, the Policy Advisory Council, and CAW and were concerned as to how the science would filter through to the ultimate plan for the watershed.

Mr. Clements responded that Tetra Tech, with the consensus of the Technical Advisory Council, would present scientific information to the Policy Advisory Council so the policy council may make informed decisions. He added that because decisions regarding the watershed will affect such a diverse group of people, the bases for the policy council's decisions will be scientific and social information.

Lake Maumelle Watershed Update

Mr. Kirsch updated the Board on the progress of the advisory councils.

Mr. Kirsch also reported to the Board on a trip Commissioner Powell and he made to Springfield, Missouri, to assess the city's existing watershed management program. Mr. Kirsch said during the trip September 14-16, they met with representatives of Springfield City Utilities, the City of Springfield, Greene County, and the Watershed Committee of the Ozarks.

Mr. Kirsch reminded the Board that Deltic Timber Corporation consultants previously had indicated that the City of Springfield had a progressive watershed management program and had allowed low-impact development in the watershed of its raw-water sources.

Mr. Kirsch said the major water sources there are Fellows Lake, McDaniels Lake, and Stockton Lake. He said Springfield does not have a comprehensive watershed management plan but depends on zoning control to assist in protecting the watersheds of major raw-water sources. He added that he did not see low-impact development on the lakes and there is a significant buffer area around the lakes that serves as the city's major sources of supply.

Mr. Kirsch said there is extensive cooperation between the water utility, the city, the county, and the watershed committee on watershed management issues, but he believes Springfield is facing some of the same watershed management issues that now challenge CAW. He added that, as the City of Springfield grows, Stockton Lake will become the major raw-water source for the city. He said the intake is on a major arm of the lake and the watershed is completely vulnerable.

Mr. Kirsch said that Citizens Protecting the Maumelle Watershed hosted two boat tours in September. He said he participated in both tours and provided commentary on Lake Maumelle, the status of watershed protection land purchases, and the status of the watershed management study. Mr. Kirsch added that Commissioner Hartman attended one of the tours.

Mr. Kirsch said Pulaski County Circuit Judge Willard Proctor, Jr., had postponed the November trial to determine the value of land located within Waterview Estates. He said instead an evidentiary hearing will be in November.

The Chair recessed the meeting at this point for a short break.

At this time, Commissioner Powell also excused himself from the meeting for another engagement.

The Board reconvened.

Regionalism Report

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

- U.S. Army Corps of Engineers – The Corps has completed the hydrological report, which clears the way for the completion of the economical analysis for allocations to the Mid-Arkansas Water Alliance from Greers Ferry Lake and Lake Quachita.
- City of Bryant - CAW continues to work with the City of Bryant and its consultant to determine the best way to increase the supply of water to that city's system for future needs.
- Saline Watershed Alliance – Mr. Dale Russom, P.E., of Russom Technical Services, L.L.C., has presented his preliminary findings regarding individual water system statistics. The final report should be ready by the end of October.
- 145th Street Water & Sewer Improvement District – At the request of the improvement district for a possible merger with CAW, CAW engineering staff is completing an analysis of the district for water system improvements that would be necessary before the possibility of merger. The district's distribution system seems to be compatible with CAW's.

Commission Briefing

Mr. Harvey briefed the Board on the following:

- CAW is increasing in the mileage reimbursement rate to 48.5 cents, according to Internal Revenue Service regulations.
- There will be a temporary increase in car allowances for employees who receive an allowance in the performance of their jobs for CAW (The adjusted rates will remain in effect until December 31, 2005, at which time there will be a re-evaluation.).
- For the fourth consecutive year, there will be no increase in CAW's health insurance premium for employees and no reduction in benefits (Also, by using online enrollment, CAW will receive a 2 percent reduction in premiums.).
- Mr. Kirsch said the levels of Lake Maumelle and Lake Winona are at the lowest on record, but there is no danger of a water shortage.
- ExxonMobil Pipeline Company is installing, at the company's cost and at the request of CAW, a check valve on the 20-inch-diameter oil pipeline that runs through the Lake Maumelle Watershed. In the event of a break, this check valve would help to contain oil spillage. Mr. Morgan and Mr. Ferguson are working with ExxonMobil to install an

additional check valve the next time ExxonMobil takes the line out of service for testing. The company could install only one check valve this time and meet its completion deadline.

- "The President's Own" United States Marine Band will perform November 12, 2005, at the First Pentecostal Church in North Little Rock. Mr. Harvey, chair of local arrangements, extended an invitation to the Commissioners.
- Two CAW distribution crews have supported the Sewerage & Water Board of New Orleans' recovery efforts from damage caused by Hurricane Katrina on September 25. The first CAW crew was there from September 22 – October 7. The second crew departed Little Rock October 7 and expects to be there two weeks at least. CAW was the first public water system in the United States to send assistance.

The CAW crews, using a New Orleans water system facility for housing, have helped with significant progress on restoring operations and valving off major leaks caused by water main breaks. Members of the first CAW crew were Brad Thomas, Water Distribution Specialist (WDS) II; Charles "Chick" Bosshardt, WDSIII; Clayton Walker, Trouble-shooter; and Terry Bice, Distribution Supervisor. Members of the second crew are Ken Oginski, Distribution Foreman; Chris Wills, WDS II; Brandon Lackey, WDSII; and David Bowling, Distribution Supervisor.

In addition, two CAW employees Rudy Avila, Meter Reader, and Bob Paradis, Distribution Foreman, received orders for active duty with the Arkansas Army National Guard. Mr. Avila is in Mississippi and Mr. Paradis is in New Orleans. It is anticipated that a third employee, Margo Thompson, Billing Account Specialist, also will receive orders from the Guard.

Executive Session

The Board convened in Executive Session. Upon reconvening in Open Session, Chair Rimmer stated that the Board would take no action.

Adjournment

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

Dr. Roby Robertson, Secretary/Treasurer

RESOLUTION 2005-08

There is no 2005-08 - number was skipped

RESOLUTION 2005-09

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, on July 1, 2001 the City of Little Rock and the City of North Little Rock created Central Arkansas Water ("CAW") as a public body corporate and politic under the Consolidated Waterworks Authorization Act, Act 982 of the 83rd Arkansas General Assembly, and consolidated the ownership and operation of their municipal water utilities into CAW, 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 of Central Arkansas Water, and

WHEREAS, the Consolidation Agreement further directed that the Commission shall propose an equalizing schedule of water rates, to take effect beginning January 1, 2002, or as soon thereafter as practicable, which shall be based on Rate Studies; shall equalize water rates among similarly-situated classes of customers throughout the City of Little Rock and the City of North Little Rock over a reasonable period of time not to exceed ten (10) years; and shall provide sufficient funds for the accomplishment of the Improvement Agendas, and

WHEREAS, Carter-Burgess, Inc. and Pros Consulting, LLC., CAW's rate consultants, completed the Rate Studies and made recommendations on the equalizing schedule of rates recommended in the Rate Studies, and

WHEREAS, the Board of Commissioners, by Resolutions 2001-09 and 2003-08, accepted the findings of the Rate Studies and adopted the equalizing schedule of rates recommended by the Rate Studies, and

WHEREAS, the Board of Commissioners 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, CENTRAL ARKANSAS WATER THAT RATE SCHEDULE NO. 1 OF CENTRAL ARKANSAS WATER SHALL BE AMENDED AND RESTATED, AS FOLLOWS:

RATE SCHEDULE NO. 1 OF CENTRAL ARKANSAS WATER

Section 1. The following schedule of rates is hereby established by Central Arkansas Water for Domestic, Commercial, Industrial, and Sprinkler 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.

Effective Dates

This schedule shall become effective for water billed on or after February 1, 2006, January 1, 2007, and January 1, 2008, as hereinafter set forth.

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.

Minimum Monthly Charge

The Minimum Monthly Charge for all customers, except public and private fire service, includes payment for the first 200 cubic feet (cf) of water used.

METER SIZE (diameter)	MINIMUM MONTHLY CHARGE	
	EFFECTIVE FEBRUARY 1, 2006	
	INSIDE	OUTSIDE
5/8"	\$ 4.77	\$ 6.39
3/4"	\$ 6.15	\$ 8.24
1"	\$ 8.75	\$ 11.72
1 1/2"	\$ 14.79	\$ 19.81
2"	\$ 23.98	\$ 32.14
3"	\$ 44.36	\$ 59.44
4"	\$ 72.15	\$ 96.68
6"	\$ 142.70	\$ 191.22
8"	\$ 241.36	\$ 323.42
10"	\$ 347.50	\$ 465.65
12"	\$ 632.88	\$ 848.06

Additional Monthly Charge

In addition to the Minimum Monthly Charge, the first table of rates shall apply to the amount of water used in excess of 200 cubic feet per month for customers inside the City of Little Rock ("LR"), Arkansas followed by the second table for outside city customers located south of the Arkansas River.

CUSTOMER CLASS	RATES		
	EFFECTIVE 2/1/2006	EFFECTIVE 1/1/2007	EFFECTIVE 1/1/2008
	INSIDE LR CHARGES \$ PER 100 CF	INSIDE LR CHARGES \$ PER 100 CF	INSIDE LR CHARGES \$ PER 100 CF
DOMESTIC	\$ 0.94	\$ 1.11	\$ 1.29
COMMERCIAL	\$ 0.86	\$ 1.00	\$ 1.15
INDUSTRIAL	\$ 0.79	\$ 0.91	\$.99
SPRINKLER	\$ 0.94	\$ 1.11	\$ 1.29

CUSTOMER CLASS	RATES		
	EFFECTIVE 2/1/2006	EFFECTIVE 1/1/2007	EFFECTIVE 1/1/2008
	OUTSIDE LR CHARGES \$ PER 100 CF	OUTSIDE LR CHARGES \$ PER 100 CF	OUTSIDE LR CHARGES \$ PER 100 CF
DOMESTIC	\$ 1.56	\$ 1.76	\$ 1.90
COMMERCIAL	\$ 1.38	\$ 1.61	\$ 1.65
INDUSTRIAL	\$ 1.01	\$ 1.28	\$ 1.46
SPRINKLER	\$ 1.56	\$ 1.76	\$ 1.90

In addition to the Minimum Monthly Charge, the first table of rates shall apply to the amount of water used in excess of 200 cubic feet per month for customers inside the City of North Little Rock ("NLR"), Arkansas followed by the second table for outside city customers located north of the Arkansas River.

CUSTOMER CLASS	RATES		
	EFFECTIVE 2/1/2006	EFFECTIVE 1/1/2007	EFFECTIVE 1/1/2008
	INSIDE NLR CHARGES \$ PER 100 CF	INSIDE NLR CHARGES \$ PER 100 CF	INSIDE NLR CHARGES \$ PER 100 CF
DOMESTIC	\$ 1.39	\$ 1.39	\$ 1.39
COMMERCIAL	\$ 1.35	\$ 1.35	\$ 1.35
INDUSTRIAL	\$ 0.79	\$ 0.91	\$.99
SPRINKLER	\$ 1.39	\$ 1.39	\$ 1.39

CUSTOMER CLASS	RATES		
	EFFECTIVE 2/1/2006	EFFECTIVE 1/1/2007	EFFECTIVE 1/1/2008
	OUTSIDE NLR CHARGES \$ PER 100 CF	OUTSIDE NLR CHARGES \$ PER 100 CF	OUTSIDE NLR CHARGES \$ PER 100 CF
DOMESTIC	\$ 1.90	\$ 1.90	\$ 1.90
COMMERCIAL	\$ 1.84	\$ 1.84	\$ 1.84
INDUSTRIAL	\$ 1.01	\$ 1.28	\$ 1.46
SPRINKLER	\$ 1.90	\$ 1.90	\$ 1.90

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 Master-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:

	RATES	
	EFFECTIVE FEBRUARY 1, 2006	
	INSIDE	OUTSIDE
FIRE HYDRANTS	\$ 61.70	\$ 89.25
FIRE CONNECTION MINIMUM CHARGE	\$ 71.55	\$ 103.50
AUTOMATIC SPRINKLER SYSTEM MINIMUM CHARGE (1,000 HEADS)	\$ 71.55	\$ 103.50
ADDITIONAL HEADS, EACH	\$ 0.07	\$ 0.11
STANDPIPE 1 1/4" (OR SMALLER)		

DIAMETER, EACH	\$ 14.00	\$ 20.25
1 1/2" DIAMETER, EACH AT	\$ 21.78	\$ 31.50
2" DIAMETER, EACH	\$ 35.78	\$ 51.75
2 1/2" DIAMETER, EACH	\$ 71.55	\$ 103.50

Section 2. The following schedule of rates is established by Central Arkansas Water for Master-metered Customers.

Master-metered Customers

All outside Central Arkansas Water customers purchasing water through a master meter contract shall pay a Minimum Monthly Charge as found in Section 1 for the first 200 cubic feet of water used and an additional amount determined by the following rates for all water used in excess of 200 cubic feet per month, effective the dates stated.

TIME WATER IS TAKEN	RATES		
	EFFECTIVE 2/1/2006	EFFECTIVE 1/1/2007	EFFECTIVE 1/1/2008
	\$ PER 100 CF	\$ 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	\$ 0.838	\$ 0.883	\$ 0.898
OFF PEAK Customers taking all water from: 10pm to 4am and/or 9am to 5pm	\$ 0.664	\$ 0.731	\$ 0.744

Section 3. The following schedule of rates is hereby established by Central Arkansas Water for Raw Water Customers.

All Central Arkansas Water customers purchasing raw water shall pay a Minimum Monthly Charge as found in Section 1 for the first 200 cubic feet of water used and an additional amount determined by the following rates for all water in excess of 200 cubic feet per month, effective the dates stated:

	RATES		
	EFFECTIVE 2/1/2006	EFFECTIVE 1/1/2007	EFFECTIVE 1/1/2008
	\$ PER 100 CF	\$ PER 100 CF	\$ PER 100 CF
Raw Water Customer	\$ 0.390	\$ 0.435	\$ 0.435

Section 4. Bills for service shall be rendered and paid monthly, with the exception of payments for private fire service. 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.

Section 5. When the North Little Rock Water Department and Little Rock Municipal Water Works were merged in 2001 to form Central Arkansas Water, the new entity was charged with the responsibility to equalize water rates among similarly situated classes of customers throughout Little Rock and North Little Rock over a reasonable period of time not to exceed ten (10) years. The rate equalization process is intended to gradually eliminate differences in water rates between classes of customers within the City of Little Rock and the City of North Little Rock during the time period January 1, 2002 through December 31, 2010. When the water rate equalization process started, Central Arkansas Water determined that the rates would be based upon a regional cost-of-service rate methodology and that the transition would occur in two phases as set forth below:

Phase I: During the time period of January 1, 2002 to December 31, 2006, CAW will increase customer rates within the City of Little Rock toward recovery of the actual cost-of-service to such customers, and when practical will decrease customer rates within the City of North Little Rock toward recovery of the actual cost-of-service for such customers. Beginning January 1, 2004, CAW will establish specific rates for each customer class within the City of Little Rock and the City of North Little Rock, and will eliminate all declining block rates applicable to customers within each city.

Phase II: During the time period of January 1, 2007 to December 31, 2010, CAW will continue to increase customer water rates within the City of Little Rock as CAW's cost-of-service increases. Customer water rates within the City of North Little Rock will remain unchanged until such rates equal CAW's cost-of-service to such customers. By July 1, 2011, the water rates of similarly situated classes of customers within the City of Little Rock and the City of North Little Rock shall be identical. Water rates applicable to all other CAW customers will reflect the actual cost-of-service to such customers, but not equal the rates applicable to CAW customers within the City of Little Rock and the City of North Little Rock.

Phase I has been accomplished a year ahead of schedule.

Section 6. 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, may be disconnected. In such event, CAW may levy a reconnection charge.

Section 7. Repealer. All previous rate schedule resolutions are hereby repealed, as of the effective date of the schedule herein established.

Section 8. 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 9. Definitions. The customer classes described in the Additional Monthly Charge subsection of Section 1 of Rate Schedule No. 1 shall be defined as follows:

"Domestic" 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.

"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-domestic customer that does not fit the definition of an Industrial Class customer.

"Industrial" shall mean any commercial customer (i) who uses at least 1,500,000 cf 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 cf of water per meter per month on an annual basis. Customers who qualify for industrial service described in (i) above shall be assigned to the Industrial Class for the calendar year beginning the following January.

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

CERTIFICATE

I, Tony Kendall, Vice Chair of the Board of Commissioners, Central Arkansas Water, certify that, as such Vice Chair, I have custody of the Minutes and documents of Central Arkansas Water, and that the above and foregoing is a correct copy of the resolution adopted by said Board of Commissioners at its regular meeting held October 13, 2005.



Vice Chair

RESOLUTION 2005 – 10

A RESOLUTION TO AMEND RESOLUTION 2002-03 AND TO CLARIFY THE CALCULATION OF THE SYSTEM DEVELOPMENT CHARGE THAT CENTRAL ARKANSAS WATER WILL ASSESS TO ITS MASTER-METERED CUSTOMERS FOR SERVICES ASSOCIATED WITH PROVIDING WATER SERVICES AND FOR OTHER PURPOSES

WHEREAS, the Board of Commissioners (the “Board”), Central Arkansas Water (“CAW”), in Resolution 2002-03, adopted on May 9, 2002, and amended by Resolution 2002-04, adopted on August 8, 2002, established System Development Charges within the CAW distribution system (the “System”); and

WHEREAS, the Board desires to amend Section 8.

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

Section 1. Section 8 of Resolution 2002-03, adopted on May 9, 2002, is hereby amended and restated in its entirety as follows:

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

For Master-metered Customers in 2006 that have a rate of \$.664 per hundred cubic feet (CCF) or \$.838 per hundred cubic feet (CCF), each new meter installation will add a volumetric surcharge to the monthly consumption.

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

ACTUAL METER SIZE	SERVICE UNITS	CHARGE BY METER SIZE	MASTER-METER RATE	
			2006 RATE PER CCF	2006 RATE PER CCF
			\$0.664	\$0.838
			VOLUME (CCF)	VOLUME (CCF)
5/8- OR 3/4-INCH	1	\$150	225.90	179.00
1-INCH	1.5	\$225	338.86	268.50
1 1/2-INCH	2.5	\$375	564.76	447.49
2-INCH	5	\$750	1,129.52	894.99
3-INCH	8	\$1,200	1,807.23	1,431.98
4-INCH	15	\$2,250	3,388.55	2,684.96
6-INCH	25	\$3,750	5,647.59	4,474.94

For Master-metered Customers in 2007 that have a rate of \$.731 per hundred cubic feet (CCF) or \$.883 per hundred cubic feet (CCF), each new meter installation will add a volumetric surcharge to the monthly consumption.

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

			MASTER-METER RATE	
			2007 RATE PER CCF	2007 RATE PER CCF
			\$0.731	\$0.883
ACTUAL METER SIZE	SERVICE UNITS	CHARGE BY METER SIZE	VOLUME (CCF)	VOLUME (CCF)
5/8- OR 3/4-INCH	1	\$150	205.20	169.88
1-INCH	1.5	\$225	307.80	254.81
1 1/2-INCH	2.5	\$375	513.00	424.69
2-INCH	5	\$750	1,025.99	849.38
3-INCH	8	\$1,200	1,641.59	1,359.00
4-INCH	15	\$2,250	3,077.98	2,548.13
6-INCH	25	\$3,750	5,129.96	4,246.89

For Master-metered Customers in 2008 that have a rate of \$.744 per hundred cubic feet (CCF) or \$.898 per hundred cubic feet (CCF), each new meter installation will add a volumetric surcharge to the monthly consumption.

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

			MASTER-METER RATE	
			2008 RATE PER CCF	2008 RATE PER CCF
			\$0.744	\$0.898
ACTUAL METER SIZE	SERVICE UNITS	CHARGE BY METER SIZE	VOLUME (CCF)	VOLUME (CCF)
5/8- OR 3/4-INCH	1	\$150	201.61	167.04
1-INCH	1.5	\$225	302.42	250.56
1 1/2-INCH	2.5	\$375	504.03	417.59
2-INCH	5	\$750	1,008.06	835.19
3-INCH	8	\$1,200	1,612.90	1,336.30
4-INCH	15	\$2,250	3,024.19	2,505.57
6-INCH	25	\$3,750	5,040.32	4,175.95

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

Section 3. All of the terms of Resolution 2002-03 not specifically modified by this Resolution shall remain unchanged.

Section 4. The Board of CAW duly adopts the revised schedule of volumetric charges set forth in Section 1 hereof effective as of February 1, 2006.

CERTIFICATE

I, Tony Kendall, Vice Chair of the Board of Commissioners, Central Arkansas Water, certify that, as such Vice Chair, I have custody of the Minutes and documents of Central Arkansas Water, and that the above and foregoing is a correct copy of the resolution adopted by said Board of Commissioners at its regular meeting held October 13, 2005.

Vice Chair

RESOLUTION 2005 –11

RESOLUTION OF INTENT TO SELL PROPERTY AT THE CORNER OF
CAPITOL AND CUMBERLAND TO THE CITY OF LITTLE ROCK FOR USE AS
A POLICE KIOSK BY THE LITTLE ROCK POLICE DEPARTMENT AND
AUTHORIZING SUCH SALE SUBJECT TO CERTAIN TERMS AND
CONDITIONS

WHEREAS, Central Arkansas Water (“CAW”) and the City of Little Rock (the “City”) each previously owned an undivided one-half interest in Lots 1, 2 and 3, Block 40 of the Original City of Little Rock, Pulaski County, Arkansas (the “Property”); and

WHEREAS, CAW purchased the City’s interest in the Property; and

WHEREAS, the Little Rock Police Department (“LRPD”) desires to purchase a portion of the Property for the purpose of constructing a police kiosk at the southeast corner of the intersection of Capitol Avenue and Cumberland Street (“Lot 3R”); and

WHEREAS, CAW desires to sell Lot 3R to the City for use as a police kiosk by LRPD;

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

Section 1. CAW is authorized to sell Lot 3R to the City of Little Rock, for the use and benefit of the City of Little Rock Police Department for the sum of Sixty- Seven Thousand Five Hundred Dollars (\$67,500) upon satisfaction of the conditions contained hereafter:

(a) The replat of the Property submitted to the Commission on this date shall be approved by the Little Rock Planning Commission;

(b) The Little Rock Planning Commission shall grant CAW a Conditional Use Permit to use Lot 2R for parking; and

(c) The Board of Directors of the City shall approve purchase of Lot 3R by LRPD.

Section 2. Upon completion of the sale of Lot 3R to the City, CAW shall (i) pay all costs associated with providing sanitary sewer service to Lot 3R; (ii) resurface and stripe the existing parking areas located on proposed Lot 2R; (iii) asphalt and stripe parking spaces for LRPD on Lot 3R; and (iv) provide landscaping along right-of-way adjacent to Cumberland Street.

Section 3. Each or any of the Chair, Secretary, Chief Executive Officer or the Chief Operations Officers is hereby authorized and directed to do any and all things necessary to effect purpose of this Resolution, including, but not limited to the execution of any deed or other document or agreement transferring ownership of Lot 3R to the City, the performance of all obligations of CAW under this Resolution, and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Resolution.

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

Section 5. In the event the Little Rock Planning Commission does not approve the proposed replat of the Property or grant CAW a Conditional Use Permit for Lot 2R, then the purposes of this Resolution shall be deemed failed and the transactions contemplated by this Resolution shall not occur.

Section 6. In the event the Board of Directors of the City does not approve purchase of Lot 3R subject to the terms and conditions contained in this Resolution, then the purposes of this Resolution shall be deemed failed and the transactions contemplated by this Resolution shall not occur.

The foregoing resolution has been duly adopted by the Board of Commissioners, Central Arkansas Water at a meeting of the Board of Commissioners, Central Arkansas Water held on October 13, 2005.

ATTEST:

APPROVED:

Roby Robertson, Secretary

Tom Rimmer, Chair

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

November 10, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, November 10, 2005, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Ms. Marie A. Crawford, Director of Communications
Mr. Stan Benton, Director of Distribution
Mr. Jim Ferguson, P.E., Director of Engineering
Ms. Becky Wahlgreen, Director of Human Resources
Mr. Gerald Boon, C.P.A., Assistant Director of Finance
Ms. Deena Coston, C.P.A., Controller
Mr. Terry Bice, Distribution Supervisor
Mr. Charles "Chick" Bosshardt, Water Distribution Specialist III
Mr. David Bowling, Distribution Supervisor
Mr. Brandon Lackey, Water Distribution Specialist II
Mr. Dale Kimbrow, Planning Manager
Mr. Ken Oginski, Distribution Foreman
Mr. Bradley Thomas, Water Distribution Specialist II
Mr. Clayton Walker, Troubleshooter
Mr. Christopher Willis, Water Distribution Specialist II
Ms. Connie Horn, Management Secretary
Ms. Shaní Canada, Administrative Support Part-time/Temporary
Mr. Andrew Marsh, Administrative Support Part-time/Temporary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Present by conference telephone call:

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

Also in attendance:

Mr. Ed Albares, Representative of the City of Benton
Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and Policy Advisory Council
Member for Lake Maumelle Comprehensive Watershed Management Study
Saline County Judge Lanny Fite
Mr. Bob Griffith, Member of City of Bryant Water/Wastewater Commission

Mr. Paul Halley, Mayor of City of Bryant
Mr. Gary Heathcott, President of Heathcott Associates
Ms. Connie Helmick, Attorney with Chisenhall, Nestrud & Jullian, legal counsel for Deltic Timber Corporation
Mr. Rick Holland, Mayor of City of Benton
Mr. Marcus Howard, Reporter for *The Times* of North Little Rock
Mr. Mark Matthews, Photographer
Mr. Roger Moren, General Manager of Sardis Water Association Public Water Authority
Mr. Dana Mosley, Photographer for KATV-TV, Channel 7
Ms. Kathleen Oleson, Representative of the League of Women Voters of Pulaski County and Policy Advisory Council Alternate for Lake Maumelle Comprehensive Watershed Management Study
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Mr. Kirby Rowland, Vice President of Garver Engineers, L.L.C.
Mr. Dale Russom, P.E., Owner, Russom Technical Services, L.L.C.
Ms. Jill Zeman, Reporter with *Arkansas Democrat-Gazette*

Call to Order of November 10, 2005, Meeting

Mr. Tom Rimmer, Chair, called to order the November 10, 2005, meeting of the Board of Commissioners.

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

CAW Crews Disaster Recovery Assistance to Sewerage and Water Board of New Orleans

Chair Rimmer stated that two CAW distribution crews had responded to requests for assistance from the Sewerage and Water Board of New Orleans after the Hurricane Katrina and Hurricane Rita disasters. He said the crews were present today to provide a report on their activities while in New Orleans.

Mr. Harvey said CAW had received a request from the American Water Works Association-Southwest Section (AWWA-SW) indicating the New Orleans water system needed assistance with disaster recovery. He said CAW sent two crews with each crew consisting of four employees and four trucks. He said each crew stayed in New Orleans two weeks.

Mr. Stan Benton, Director of Distribution, introduced the employees who went to New Orleans.

Mr. Terry Bice, Distribution Supervisor, reported to the Board on the crews' experiences while working in New Orleans. He said CAW was the first water utility to extend assistance to the city of New Orleans following the hurricanes. He explained the condition of the water system upon the first crew's arrival. He said the first crew, which was in New Orleans from September 22 through October 9, concentrated on valving-off leaks and water main breaks, restoring water service to parts of the city, helping the system to gain recertification from the Louisiana Department of Health and Hospitals, reducing water loss, and restoring service to residential and major industrial areas.

Mr. Bice said the second crew, which arrived in New Orleans October 9 and departed October 22, focused on system repairs and service restorations in the city.

Mr. Bice stated that the most valuable lessons the crews learned related to communication, essential personnel, electrical power, and equipment. He also stressed the importance of CAW's reviewing and training on its emergency response plan. He expressed appreciation to the Board, Mr. Harvey, and the management staff for the opportunity to help the New Orleans water utility.

Chair Rimmer commended and thanked the employees for their willingness to help during natural disasters. Chair Rimmer and Mr. Harvey presented the employees with plaques of commendation.

The employees were:

Mr. Terry Bice, Distribution Supervisor
Mr. Charles "Chick" Bosshardt, Water Distribution Specialist III
Mr. Bradley Thomas, Water Distribution Specialist II
Mr. Clayton Walker, Troubleshooter

Mr. David Bowling, Distribution Supervisor
Mr. Brandon Lackey, Water Distribution Specialist II
Mr. Ken Oginski, Distribution Foreman
Mr. Christopher Willis, Water Distribution Specialist II

Ms. Francille Turbyfill, Commissioner, added that the Board appreciates the efforts of the eight employees.

Mr. Tony Kendall, Commissioner, said fellow CAW employees did a great job in covering for the crews that went to New Orleans.

Mr. Eddie Powell, Commissioner, said he thought it would be helpful for staff to review CAW's emergency response plan with the crews that went to New Orleans in order to determine the plan's current weaknesses and strengths.

Approval of Board Minutes

Chair Rimmer called for a motion to approve the minutes to the October 13, 2005, meeting. Upon a motion duly made by Commissioner Powell and seconded by Commissioner Hartman, the Board approved the minutes.

Contract with Tetra Tech, Inc.

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management, distributed a timeline for Phase 2 and 3 of the Lake Maumelle Comprehensive Watershed Management Study. He said the contract with Tetra Tech, Inc., (Tt) for \$975,000 for Phases 2 and 3 of the study exceeds the estimated figure of \$800,000. He explained that the increased cost of the two phases is due to the (1) Policy Advisory Council's (PAC) request for more discussion and review of models and (2) the community's request is for additional outreach to the public and watershed property owners.

Mr. Kirsch said the next PAC meeting will be December 8 and will cover proposed indicators and targets for the study. He added that the first public meetings to update property owners will be December 6 and 7. (The December 6 meeting will be at the Winfield United Methodist Church at 20100 Cantrell Road and the December 7 meeting will be held at the Great Hall of Camp Ouachita in Perryville.)

Mr. Kirsch then introduced Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc., for a study update.

Mr. Clements told the Board there had been very good participation in the advisory councils by its members, but their request for Tt to be more involved in the process is partially responsible for the increase in cost for Phases 2 and 3 of the study.

Mr. Kirsch said funds from the watershed protection budget would cover the increased cost of the study.

Ms. Jane Dickey, Commissioner and Board representative on the PAC, stated that she was uncertain that the few changes should account for the increase in cost.

Commissioner Dickey also said the PAC had discussed property owner participation and had expressed the need for the consultant to keep property owners aware of decisions by the PAC and Technical Advisory Council (TAC).

Ms. Kathleen Oleson, representative of the League of Women Voters of Pulaski County, stated she believed it to be important for credibility that non-CAW staff manages the study components and tasks.

Commissioner Dickey also stated it is important that the CAW staff and Board rely on Tt to present only workable and feasible options in watershed management. She added that it is important to hear the views and concerns of the property owners and both councils but, ultimately, the Board should rely on Tt's experience in presenting options. She strongly urged Tt to use discretion when presenting a variety of management options to the councils.

Commissioner Kendall questioned whether the funds to cover the increased cost for Phases 2 and 3 of the study should come from sources other than watershed protection.

Mr. Harvey stated that staff will continue to work with Tt to reduce the cost of Phases 2 and 3 and will look at all options in covering the cost.

Upon a motion duly made by Commissioner Powell and seconded by Dr. Roby Robertson, Commissioner, the Board approved the contract with Tt for Phases 2 and 3 of the study.

Lake Maumelle Watershed Update

Mr. Kirsch told the Board there will be a November 14 evidentiary hearing concerning the condemnation of portions of Waterview Estates. (The proposed development would encroach into Zone 1 of the Lake Maumelle Watershed. The court case is before Pulaski County Circuit Judge Willard Proctor, Jr.)

He also told the Board that attorneys for CAW have asked for an expedited trial in the condemnation of property owned by the Deltic Timber Corporation (Deltic) property in Zone 1 of the watershed. He stated that attorneys for Deltic have asked to delay the trial until September 2006. He added that Pulaski County Circuit Judge Mackie Pierce has not rendered a decision on CAW's request.

Contracts/Agreements

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Dickey, the Board approved a contract with Building & Utility Contractors, Inc., for \$71,365 for water main replacements. (The work, in conjunction with a City of Little Rock street resurfacing project, is a change order to an existing contract for main replacements. It will involve the replacement of 2-inch-diameter galvanized and cast iron water mains with approximately 1,175 linear feet of 3-inch-diameter polyvinyl chloride (PVC) pipe in Stonewall Road. The original installations were between the years 1910 and 1947.)

Joint Water Supply Study between Saline Watershed Alliance and CAW

Mr. Dale Russom, P.E., owner of Russom Technical Services, L.L.C., reported on a study he conducted as to CAW's providing a long-term supply of supplemental water to the Saline Watershed Alliance (SWA).

Mr. Russom made the following recommendations:

- options for a pipeline route to provide SWA with additional water

- a cost-of-service study with a regional approach
- an agreement by SWA members for the sharing of ownership of the pipeline and treatment plant
- SWA's obtaining alternative emergency interconnections
- reducing the amount of unaccounted-for water in the SWA service areas
- SWA's obtaining agreements with nearby entities as to service and annexation boundaries
- Mid-Arkansas Water Alliance's (MAWA) continuing efforts to secure an allocation from Lake Ouachita
- MAWA's setting aside funds for the specific cost of a shared water source

Mr. Roger Moren, General Manager, Sardis Water Association Public Water Authority, said SWA would eventually would need 12 million gallons per day (MGD) for its combined service area, but is willing to start with 6 MGD.

Commissioner Robertson stated that CAW's first priority is to ensure the availability of water to its current customers.

Commissioner Dickey thanked Mr. Russom for his report and said that it was very informative and optimistic for Central Arkansas communities. She added she is very optimistic about CAW's ability to take an active and positive approach to the study but she had two concerns in addition to CAW's responsibility to its customers. The first concern is to maintain cooperation among SWA members and the second is to ensure CAW includes existing partners in the process and that the utility keeps in mind that any decisions made by CAW also will affect these partners.

Brushy Island Public Water Authority Update

Mr. Tad Bohannon, attorney for CAW with Wright, Lindsey & Jennings, L.L.P., updated the Board on CAW accepting receivership of the Brushy Island Public Water Authority (Brushy Island). He added that CAW currently controls Brushy Island's bank accounts and other assets.

Mr. Bohannon said CAW has scheduled meter replacements in Brushy Island for November 18 - 20, 2005. He added that upon completion of the meter replacements, Brushy Island customers would be in CAW's database and CAW would bill them at the appropriate CAW rates.

Request to Provide Water Service to Bay Meadows Subdivision in North Little Rock

Mr. Dale Kimbrow, Planning Manager for CAW, provided background information on the area in which the Bay Meadows Subdivision is located.

Mr. Kimbrow explained that the City of North Little Rock is considering annexation of the subdivision; however, the subdivision is in the Grand Prairie Public Facilities Board service area. He further stated that the developers of Bay Meadows have requested service from CAW because it would cost considerably less than accessing Grand Prairie water lines.

Following a discussion of the matter, the Board took no action.

Section 125 Cafeteria Plan Revisions

Ms. Becky Wahlgreen, Director of Human Resources, reported to the Board on new U.S. Internal Revenue Service regulations that now permit employers to adopt a significant change to the "use it or lose it" rule for Section 125 Cafeteria Plans. She explained that previous regulations stipulated participants had to "use" all the money in their flexible spending accounts (FSAs) by the end of the plan year or forfeit the remaining amounts. She said the new regulations permit a two-and-a-half month "grace period", which allows reimbursement from the prior plan year's FSA for expenses incurred

through March 15 following the end of the plan year. She said this positive change would assist employees in avoiding forfeitures.

Ms. Wahlgreen said staff recommends adoption of this plan revision, to be effective immediately. She added that staff, with the assistance of legal counsel, has made other minor revisions to clarify existing Section 125 plan provisions.

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

2006 Financial Plan

Mr. Gary Pittman, Chief Financial Officer, reviewed highlights of the 2006 Financial Plan.

Mr. Harvey told the Board that the 4 per cent pay plan adjustment contained in the 2006 Financial Plan is below the year-to-date Consumer Price Index (CPI). He explained that 4 per cent is an average figure and the basis for each individual employee's pay adjustment will be merit.

Mr. Pittman told the Board that the next bond issue in the approximate amount of \$19.5 million will likely occur sometime in the first quarter of 2007.

Mr. Pittman said that staff recommends approval of the 2006 Financial Plan.

Upon a motion duly made by Commissioner Powell and seconded by Commissioner Dickey, the Board approved the 2006 plan.

Regionalism Report

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

- Federal budget restraints have delayed completion of the economic analysis by the U.S. Army Corps of Engineers for allocations to MAWA from Greers Ferry Lake and Lake Ouachita. Allocations have been delayed due to federal budget restraints.
- SWA has invited a CAW Commissioner to attend the alliance's next board meeting. Commissioner Robertson said he would be happy to attend.
- Sardis Water Association has completed construction of a transmission main connecting to CAW's distribution system. The association started taking water from CAW the first of November.

Commission Briefing

Mr. Harvey asked Ms. Marie Crawford, Director of Communications, to inform the Board on mailings to Brushy Island customers.

Ms. Crawford told the Board that CAW would be mailing informational packets explaining changes that will occur within their water system and their water bills, as CAW assumes receivership. She added that a subsequent mailing will include information on CAW's customer service policies and procedures.

Ms. Crawford also reported that, as of the end of 2005, the *Help To Others Customer Assistance Fund* will have provided \$89,000 in assistance to customers in water, sewer, and sanitation bill payment.

Mr. Harvey briefed the Board on the following:

- Watershed Human and Community Development Agency is holding its 27th Anniversary Celebration on November 16. Watershed will be honoring CAW with the “Big Heart Award” for implementation of the “*Help To Others Fund*”.
- CAW received a perfect score on its self-insured worker’s compensation report card for the third quarter of 2005
- Mr. Thad Luther, Chief Operating Officer, told the Board that CAW has received a letter from Systems & Software, Inc., (S&S), CAW’s computer software vendor, giving notice that after 2006 the company will no longer support the existing Municipal & Utility Package Software that CAW uses throughout the utility for billing, customer service, work orders, service orders, etc. Mr. Luther added that S&S has agreed to work with CAW to extend the deadline in order for CAW to select replacement software to handle all the various necessary functions.

Chair Rimmer said, in following a recommendation by the independent auditors to appoint an audit committee, the Board previously decided that the entire Board would serve as the audit committee. In light of that decision, he asked that if a Board member has concerns regarding the financial operations of the utility, the Board member bring the concerns to the Board’s attention and he would pass on the concerns to the auditor.

Saline County Judge Lanny Fite asked to speak to the Board. He told the Board that Mr. Harvey and Mr. Morgan are great ambassadors of CAW. He stated that they had bridged the “water wars” in Saline County and had gained a trust that had not been there in the past. Judge Fite added that he believes now is the time to take advantage of the current positive attitudes in Saline County for all the entities to come together for a long-term water source.

Mr. Harvey stated that he believes a tremendous amount of credit for the progress in Saline County goes to Judge Fite.

Adjournment

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

Dr. Roby Robertson, Secretary/Treasurer

RESOLUTION 2005-12

RESOLUTION APPROVING AMENDMENTS TO THE CENTRAL ARKANSAS WATER SECTION 125 CAFETERIA PLAN TO ADOPT CERTAIN BENEFITS NOW AVAILABLE UNDER THE LAWS AND REGULATIONS APPLICABLE TO SUCH PLAN

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

WHEREAS, Central Arkansas Water desires to amend the Plan to provide additional benefits for its employees;

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

1. Central Arkansas Water amend and restate its Central Arkansas Water Section 125 Cafeteria Plan, for the purpose of, among other things, providing a "Grace Period" for submitting claims for expenses under the Unreimbursed Medical/Dental Plan and the Dependant Care Assistance Program, and making other technical amendments to assure the Plan's continued compliance with applicable laws and regulations, all as set forth in the Central Arkansas Water Section 125 Cafeteria Plan attached as Exhibit A hereto; and

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

The foregoing resolutions have been duly adopted by the Board of Commissioners of Central Arkansas Water at a meeting of the Board of Commissioners of Central Arkansas Water held on November 10, 2005.

Attest:

APPROVED:

Dr. Roby Robertson
Secretary/Treasurer

Thomas W. Rimmer
Chair

Minutes of a Regular Meeting
Board of Commissioners
Central Arkansas Water

December 8, 2005

The Board of Commissioners, Central Arkansas Water (CAW), convened in a regular meeting at 2 p.m. Thursday, December 8, 2005, in the Third Floor Board Room of the Capitol Avenue Water Utility Building. The building location is 221 East Capitol Avenue in Little Rock, Arkansas.

Present:

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

CAW staff in attendance:

Mr. Jim Harvey, Chief Executive Officer
Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management
Mr. Thad Luther, P.E., Chief Operating Officer
Mr. Gary Pittman, Chief Financial Officer
Mr. Steve Morgan, Director of Regionalism & Future Water Source
Mr. Jim Ferguson, P.E., Director of Engineering
Mr. Allen Vincent, Director of Information Services
Mr. Gerald Boon, C.P.A., Assistant Director of Finance
Mr. Jos Bell, Geographic Information System Manager
Mr. Marshall Burroughs, Network Administrator
Ms. Jeanette Glancy, Graphic Technician
Ms. Julie Kent, Administrative Assistant for Pulaski Area Geographic Information Services (PAgis)
Ms. Connie Horn, Management Secretary
Ms. Shaní Canada, Administrative Support Part-time/Temporary
Mr. Andrew Marsh, Administrative Support Part-time/Temporary
Mr. Tad Bohannon, Attorney for CAW with Wright, Lindsey & Jennings, L.L.P.

Also in attendance:

Ms. Kate Althoff, Coordinator of Citizens Protecting Maumelle Watershed and Policy Advisory Council
Member for Lake Maumelle Comprehensive Watershed Management Study
Mr. Lee Bodenhamer, Property Owner within Lake Maumelle Watershed
Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc.
Mr. Marcus Howard, Reporter for *The Times* of North Little Rock
Mr. Jill Joslin, Vice President and Account Supervisor for Heathcott Associates
Mr. Roger Nesuda, of Jolly Roger's Marina
Ms. Kathleen Oleson, Representative of the League of Women Voters of Pulaski County and Policy
Advisory Council Alternate for Lake Maumelle Comprehensive Watershed Management Study
Mr. Norvell Plowman, Attorney for Mr. Lee Bodenhamer, Property Owner in Lake Maumelle Watershed
Ms. Jill Zeman, Reporter with *Arkansas Democrat-Gazette*

Call to Order of December 8, 2005, Meeting

Mr. Tom Rimmer, Chair, called to order the December 8, 2005, meeting of the Board of Commissioners.

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

Employee Suggestion System Award

Chair Rimmer asked Mr. Thad Luther, P.E., Chief Operating Officer, to present the Employees Suggestion System Awards. Mr. Luther introduced Mr. Marshall Burroughs, Network Administrator and presented him with an Employee Suggestion System Award certificate and a check for \$100. Mr. Luther said that Mr. Burroughs submitted a suggestion that would make certain utility functions more efficient and economical. Mr. Luther asked Mr. Burroughs to tell the Board about his suggestion.

Mr. Burroughs said that he suggested that the monthly utility newsletter be published on the utility intranet website rather than printing a copy each month for each employee.

Approval of Board Minutes

Chair Rimmer called for a motion to approve the minutes to the November 10, 2005, meeting. Upon a motion duly made by Mr. Eddie Powell, Commissioner and seconded by Dr. Roby Robertson, Commissioner, the Board approved the minutes.

Brushy Island Public Water Authority Update

Mr. Tad Bohannon, attorney for CAW with Wright, Lindsey & Jennings, L.L.P., updated the Board on CAW accepting receivership of the Brushy Island Public Water Authority (Brushy Island). He added that CAW currently controls Brushy Island's bank accounts and other assets, but holds no responsibility for financial obligations incurred by Brushy Island.

Mr. Bohannon said that the loan from the Arkansas Department of Natural Resources (formerly Arkansas Soil & Water Commission) to Brushy Island was finalized on December 2 and added that CAW has scheduled meter replacements in Brushy Island for December 16 - 18, 2005.

Marina Rental Fees

Mr. Bruno Kirsch, Jr., P.E., Chief Operating Officer/Director of Watershed Management, said that Mr. Roger Nesuda, of Jolly Roger's Marina, is requesting a change in some marina fees.

Mr. Kirsch added that according to the lease under which Mr. Nesuda operates the marina, he must get authorization from the Board for any change in fees.

Mr. Kirsch stated that he found Mr. Nesuda's requested fees to be comparable to fees charged by other marinas in Central Arkansas, therefore staff recommends approval.

Upon a motion duly made by Ms. M. Jane Dickey, Commissioner and seconded by Mr. Jay Hartman, Commissioner, the Board approved the change in marina fees.

Transfer of Property at Junior Deputy Park

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

Mr. Bohannon said he is working with the City on an agreement to complete the transfer. He added that no action by the Board is required at this time.

CAW Investment Policy and Resolution

Mr. Gerald Boon, C.P.A., Assistant Director of Finance, addressed the Board regarding an investment Policy for CAW. Mr. Boon stated that the *Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures*, issued March 2003 and applicable to financial statements issued after 2004, require that CAW adopt an Investment Policy so that outside auditors can measure and verify the results of CAW's investment activity against the standards of this statement.

In response to an inquiry from Commissioner Dickey regarding the types of investments allowed, Chair Rimmer said a vote on the investment policy would be tabled until counsel can further research allowable investment types.

Mr. Tony Kendall, Commissioner, asked that the investment reporting requirement be changed to a frequency of at least semi-annually.

Contracts/Agreements

Commissioner Dickey abstained from voting on matters pertaining to Arkansas Lime Company.

Upon a motion duly made by Mr. Eddie Powell, Commissioner and seconded by Commissioner Dr. Roby Robertson, Commissioner, the Board approved the following contracts/agreements:

- i. renewal of an annual contract with Lasiter Construction, Inc. for \$673,751.93 for repairs to cuts in street pavement and other surfaces
- ii. annual contracts from various vendors totaling \$1,208,683 for water treatment chemical requirements for 2006
- iii. annual supplement noting change in fee for an on-going service agreement with Arkansas Utility Protection Services, Inc., (ARKUPS) for \$376,228 for marking the locations of various utilities in preparation for pavement cuts required to repair services and mains
- iv. a one-year renewal of an agreement signed on December 31, 2001, with Garver Engineers, L.L.C., for \$350,000 for electrical engineering services (The original agreement was for one year, with options for four one-year incremental renewals. This is the fourth renewal.)
- v. a contract with Crist Engineers, Inc., for \$285,300 (CAW's share is \$76,814.17) for the design and construction of a portion of the Northbelt Transmission main that will extend from the Jack H. Wilson Water Treatment Plant to the cities of Jacksonville and Cabot. The portion to be designed extends from the north bank of the Arkansas River to Pump Station #22 (Crystal Hill Rd.)
- vi. a contract with Building & Utility Contractors, Inc., for \$256,645 for the replacement of an existing 8-inch-diameter cast iron water line with approximately 500 linear feet of 8-inch-diameter ductile iron pipe; approximately 2,660 linear feet of 12-inch-diameter ductile iron pipe; and approximately 200 linear feet of 2-inch-diameter Polyvinyl Chloride (PVC) water line on Mabelvale Pike from Geyer Springs Road to 51st Street

- vii. the replacement of approximately 475 linear feet of 8-inch-diameter cast iron water line with 8-inch-diameter ductile iron water line in Brookview Circle at Fourche Creek in Little Rock
- viii. change order #1 for \$188,575 for a contract with Koontz Electric Company, Inc., for the installation and maintenance of two electrical transformers at the Jack H. Wilson Water Treatment Plant

Lake Maumelle Watershed Update

Mr. Kirsch introduced Mr. Trevor Clements, Director of Watershed Management Planning Services for Tetra Tech, Inc., who updated the Board on the progress of the Policy Advisory Group (PAC) and the Technical Advisory Group (TAC) and the two public meetings. The public meetings were held on December 6 at the Winfield United Methodist Church on Arkansas Highway 10 and on December 7 at the Great Hall of Camp Ouachita on Arkansas Highway 324 South.

Mr. Clements said that the study is running on schedule. He cited some concerns mentioned in the public meetings:

- lack of small property owner representation in the decision making process
- clarification for property owners of CAW's land acquisition policy and procedures
- benefit of watershed protection to those who are not CAW customers
- boating on Lake Maumelle and the resulting hydrocarbons
- existence of a chain link fence around Lake Maumelle
- uncertainty by property owners within the watershed as to the location and size of the buffer in the watershed
- concern by property owners as to the accuracy of information given regarding the use of septic tanks in the watershed
- concern as to a watershed plan changing the existing way of life of those living in and around the watershed

Mr. Clements stated that there is a good open line of communication with the public and that future public meetings are planned.

Commissioner Powell asked if these concerns were addressed as they were brought up and stressed that it is important to conduct the study with the least impact on property owners within the watershed.

Mr. Clements told the Board that he needs authorization for the addition of representatives of small property owners to the PAC.

Upon a motion duly made by Commissioner Powel and seconded by Commissioner Hartman, the Board approved two additional small landowner representatives for the PAC.

Mr. Kirsch told the Board he will present information on watershed protection in a nation-wide web cast conference sponsored by the Association of Metropolitan Water Agencies (AMWA) on March 22. The web cast will pertain specifically to watershed protection within the Lake Maumelle watershed.

Regionalism Report

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

- The U.S. Army Corps of Engineers has received the necessary funding for completion of the economic analysis for allocations to Mid-Arkansas Water Alliance (MAWA) from Greers Ferry Lake and Lake Ouachita.
- At the invitation of the Saline Water Alliance Board , Commissioner Robertson attended their board meeting on December 6 and spoke briefly to the Board
- MAWA will hold their general monthly meeting on December 15
- Maumelle Water Corporation (Roland) is currently working with us on a draft agreement for supplemental water

Commission Briefing

Mr. Luther told the Board that Systems & Software (S&S), CAW's computer software vendor, has given notice that after December 2006 they will no longer support the software used by CAW in customer billing, customer service, and distribution work orders.

Mr. Luther said he has written a letter to S&S asking for an 18-month to 24-month extension of their deadline in order to give CAW time to search for and implement a new software solution. Mr. Luther said he expected a response to our request by the end of the week.

Mr. Harvey said that he is extremely proud of the performance of the Pulaski Area Geographic Information Services (PAGIS). He stated that Mr. Jos Bell, GIS Manager, has done a wonderful job in organizing and maintaining efficiency within the department. He asked Mr. Bell to report on the annual celebration of GIS Day.

Mr. Bell said that GIS Day is a world-wide celebration and explained the how GIS system works, its many uses, and how it can improve efficiency within the utility.

The Board took a short break.

Executive Session

The Board met in executive session.

Upon reconvening, Chair Rimmer said that the Board had conducted the annual evaluation of the Chief Executive Officer. Chair Rimmer said that the Board is delighted with Mr. Harvey's work performance.

Upon a motion duly made by Commissioner Kendall and seconded by Commissioner Dickey, the Board approved a plus designation of the CAW pay plan for Mr. Harvey.

Adjournment

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

Dr. Roby Robertson, Secretary/Treasurer