

RESOLUTION NO. _____

A RESOLUTION APPROVING THE CONSOLIDATION AND INCORPORATION OF THE MAUMELLE WASTEWATER SYSTEM INTO THE NORTH LITTLE ROCK WASTEWATER SYSTEM; CONSENTING TO A WASTEWATER CONSOLIDATION AGREEMENT BETWEEN CENTRAL ARKANSAS WATER, NORTH LITTLE ROCK WASTEWATER TREATMENT COMMITTEE AND MAUMELLE WATER MANAGEMENT; AND FOR OTHER PURPOSES.

WHEREAS, negotiations have been underway for some time regarding the provision of water and wastewater services for the City of Maumelle resulting in an agreement between Central Arkansas Water (“CAW”) and Maumelle Water Management (“MWM”) for the provision by CAW of water services to Maumelle customers, and the possible transfer of customers and facilities/property of MWM’s Wastewater System to the North Little Rock Wastewater Treatment Committee; and

WHEREAS, at its meeting on November 9, 2015, the North Little Rock Wastewater Treatment Committee (“NLRWW”) approved a Wastewater Consolidation Agreement between NLRWW, CAW and MWM (the “Wastewater Agreement”) for consolidation and incorporation of the Maumelle Wastewater System into the NLRWW System, which was thereafter approved by CAW and MWM; and

WHEREAS, NLRWW has determined that (i) the extension of sewer services to customers of the Maumelle Wastewater System, (ii) the acceptance of all real and personal property from MWM, and (iii) the payment by NLRWW of MWM’s Old Debt allocated to MWM’s Wastewater System in the approximate amount of \$2,445,727.00 (“MWM Wastewater Debt”) will be in the best interests of the NLRWW and the citizens of North Little Rock and request that this Resolution be adopted.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS:

SECTION 1: That the City Council hereby approves the consolidation and incorporation of the MWM Wastewater System into the North Little Rock Wastewater System pursuant to the terms of, and consistent with, the Wastewater Agreement and consents to a Wastewater Consolidation Agreement (substantially similar to Exhibit “A” attached hereto) between Central Arkansas Water, North Little Rock Wastewater Treatment Committee and Maumelle Water Management.

SECTION 2: That (i) the extension of sewer services to sewer customers of MWM (ii) the acceptance of all property from Maumelle Water Management to the City of North Little Rock and (iii) payment of the MWM Wastewater Debt from funds of the NLRWW is hereby authorized.

SECTION 3: That, in addition to the authority found in Sections 1 and 2, NLRWW is authorized to extend sewer services to such persons as may reside in the City of Maumelle on the adoption of this Resolution or may hereafter be annexed, in the manner provided by law and as determined by the NLRWW.

SECTION 4: That this Resolution shall be in full force and effect from and after its passage and approval.

PASSED:

APPROVED:

Mayor Joe A. Smith

SPONSOR:

ATTEST:

Joe A. Smith
Mayor Joe A. Smith

Diane Whitbey, City Clerk

APPROVED AS TO FORM:

C. Jason Carter
C. Jason Carter, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY/b

FILED	11:12	A.M.	_____	P.M.
By	<u>City Atty Jason Carter</u>			
DATE	<u>12/8/15</u>			
Diane Whitbey, City Clerk and Collector North Little Rock, Arkansas				
RECEIVED BY	<u>B. Taylor</u>			

Wastewater Consolidation Agreement

By and Between

Central Arkansas Water, North Little Rock Wastewater Treatment Committee
and Maumelle Water Management

This Wastewater Consolidation Agreement is made as of the 12th day of November, 2015, by and among Central Arkansas Water ("CAW"), the North Little Rock Wastewater Treatment Committee ("NLRWW"), and Maumelle Suburban Improvement District No. 500 of Pulaski County, Arkansas, d/b/a Maumelle Water Management ("MWM", which collectively with CAW and NLRWW may be referred to as "the Parties").

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

WHEREAS, CAW's water system currently has over 125,000 metered service connections, nearly 12,144,000 linear feet of water mains, 27 water storage tanks, 14,870 fire hydrants, 2 water supply lakes, two water treatment plants and 26 pump stations which supply potable water on a retail or wholesale basis to over 400,000 citizens of central Arkansas ("CAW's System") with the capacity to provide a maximum of approximately 157 million gallons of potable water per day and an average daily demand of 62 million gallons; and

WHEREAS, NLRWW is municipal wastewater commission, organized pursuant to and in accordance with Ark. Code Ann. § 14-235-201 et seq., providing wastewater services to residents and businesses located in and around the cities of North Little Rock and Sherwood, Arkansas;

WHEREAS, NLRWW's wastewater system currently has approximately 33,900 customers, 48 sewage pump stations, approximately 550 linear miles of gravity and force collection mains, and three wastewater treatment plants ("NLRWW's Wastewater System"); and

WHEREAS, MWM is a suburban improvement district providing both water and wastewater services to residents and businesses located in and around the city of Maumelle, Arkansas; and

WHEREAS, MWM's water system currently has approximately 10,500 metered service connections, nearly 600,000 linear feet of water mains, two water storage tanks, 675 fire hydrants, 13 supply wells, a water treatment plant, and two booster pump stations ("MWM's Water System") and it serves or may serve the water service territory identified in Exhibit 1 attached hereto; and

WHEREAS, MWM's wastewater system currently has approximately 2,100 manholes, 30 sewer pumping stations, almost 500,000 linear feet of gravity and force collection mains, and a wastewater treatment plant ("MWM's Wastewater System," which collectively with MWM's Water System may be referred to herein as "MWM's Systems"); and

WHEREAS, CAW is authorized by law to provide water to consumers outside the cities of Little Rock and North Little Rock (Ark. Code Ann. § 25-20-308(a)); to "receive, own, hold, . . . and otherwise acquire, dispose of, and deal with real and personal property and any legal or equitable interest therein in its own name (Ark. Code Ann. § 25-20-306(9)); and to "do any and all other acts and things necessary, convenient, or desirable to carry out the purposes of, and to exercise the powers granted to the public body by" the Consolidated Waterworks Authorization Act (Ark. Code Ann. § 25-20-306(14)); and

WHEREAS, NLRWW is authorized by law, with the consent of the city council of the city of North Little Rock, to provide wastewater collection and treatment services to consumers outside the city of North Little Rock (Ark. Code Ann. § 14-235-203(c)(1)); to "acquire, . . . operate, and maintain, within or without the corporate limits of the city or town," a sewage collection and treatment system (Ark. Code Ann. §§ 14-235-203(c)(1) and 14-235-205(a)(1)); and to "do all things necessary or expedient for the successful operation of the works" (Ark. Code Ann. § 14-235-307(b)(3)); and

WHEREAS, MWM is authorized by law to dispose of property, join with other organizations to provide water or wastewater services, and "transfer title and control of the facilities constructed by the district" to political subdivisions such as CAW and NLRWW (Ark. Code Ann. §§ 14-92-210, 220, 223, and 237); and

WHEREAS, after completion of a feasibility study, CAW and MWM determined that consolidation of MWM's Water System into CAW's System in accordance with the terms and conditions of a Water Consolidation Agreement dated October

13, 2015, by and between CAW and MWM (the “Water Consolidation”), is beneficial to the ratepayers of both Parties; and

WHEREAS, the Water Consolidation Agreement and Resolution ____ of the MWM Board of Commissioners directs CAW to enter into negotiations with NLRWW to provide wastewater services if the city of Maumelle, Arkansas chose not to provide wastewater services; and

WHEREAS, on October 19, 2015, the City Council of the city of Maumelle, Arkansas, by unanimous vote, chose not to enter into the business of providing wastewater services; and

WHEREAS, NLRWW and MWM determined that consolidation of MWM’s Wastewater System into NLRWW’s Wastewater System in accordance with the terms and conditions of a Wastewater Consolidation Agreement dated November 12, 2015, by and between CAW, NLRWW, and MWM (the “Wastewater Consolidation”), is beneficial to the ratepayers of both NLRWW and MWM; and

NOW, THEREFORE, for and in consideration of the mutual covenants, promises, and conditions contained herein, CAW, NLRWW, and MWM agree as follows:

Section 1. Definitions. The following terms will be defined as follows:

“Assigned Rights” means all rights of MWM under (i) any contracts assumed by NLRWW as part of the Assumed Liabilities and (ii) any warranties, performance and payment bonds, maintenance bonds, or similar rights relating to the MWM Wastewater System and the MWM Wastewater Assets including those set forth on Exhibit 3B-3.

“Assumed Liabilities” means all liabilities of MWM identified and set forth on Exhibit 3C-1. It is anticipated that the only Assumed Liabilities will be (i) contracts to which MWM is a party and which NLRWW decides to specifically assume and (ii) those liabilities related to accrued and transferred leave time of those MWM employees actually hired by NLRWW, if any, and not those leased by NLRWW from CAW.

“CAW” means Central Arkansas Water, a consolidated municipal water system created and existing under the Consolidated Waterworks Authorization Act, Act 982 of the 83rd General Assembly of the State of Arkansas.

“CAW’s System” means CAW’s water sources, treatment and distribution system more particularly described in the second WHEREAS clause above.

“City” means the City of Maumelle, Arkansas.

“Closing” means the signing of all documentation reasonably required by NLRWW to assume ownership, operation, management, and control of MWM’s Wastewater System and MWM’s Wastewater Assets which shall occur on the day before the Effective Date.

“Effective Date” is the day established by the Parties to transfer ownership and control of MWM’s Water System to CAW in accordance with the terms and conditions of this Agreement.

“MWM” means Maumelle Suburban Improvement District No. 500 of Pulaski County, Arkansas, d/b/a Maumelle Water Management, a suburban improvement district providing both water and wastewater services to residents and businesses located in and around the City of Maumelle.

“MWM’s Old Debt” means that debt identified on Exhibit 2A-1, together with any additional debt identified prior to the Closing, including debt associated with MWM’s Wastewater System.

“MWM’s Systems” means MWM’s Water System and MWM’s Wastewater System, collectively

“MWM’s Systems’ Assets” means MWM’s Water Assets and MWM’s Wastewater Assets, collectively.

“MWM’s Wastewater Customers” means the customers currently receiving wastewater service from MWM and those customers who would have received wastewater from MWM but for the Wastewater Consolidation.

“MWM’s Wastewater Assets” means that real and personal property owned or held by MWM related to the operation and maintenance of MWM’s Wastewater System, as more specifically described on Exhibits 3B-1 “Real Property”, 3B-2 “Personal Property”, and Exhibit 3B-3 “Contracts/Rights”, specifically excluding MWM’s accounts receivable and accounts payable associated with the operation of

MWM's Wastewater System, which, for purposes of this agreement and the Wastewater Consolidation are part of MWM's Water Assets.

"MWM's Wastewater System" means MWM's wastewater collection and treatment system more particularly described in the seventh WHEREAS clause above.

"MWM's Water Assets" means that real and personal property owned or held by MWM related to the operation and maintenance of MWM's Water System, as more specifically described on Exhibits 3B-2 "Real Property", 3B-3 "Personal Property", and Exhibit 3B-4 "Contracts" to the Water Consolidation Agreement, and MWM's accounts receivables and accounts payables associated with operation of MWM's Systems prior to the Effective Date.

"MWM Water Customers" means the customers currently receiving water service from MWM and those customers who would have received water from MWM but for the Water Consolidation.

"MWM's Water System" means MWM's water collection, treatment and distribution system more particularly described in the sixth WHEREAS clause above.

"NLR" means the city of North Little Rock, Arkansas.

"NLRWW" means the North Little Rock Wastewater Treatment Committee, created and existing pursuant to and in accordance with Ark. Code Ann. § 14-234-201 et seq.

"NLRWW's Wastewater System" means NLRWW's wastewater treatment and collection system more particularly described in the fourth WHEREAS clause above.

"Parties" means CAW, NLRWW, and MWM, collectively.

"Wastewater Consolidation" means consolidation of MWM's Wastewater System with NLRWW's Wastewater System in accordance with the terms and conditions of this Wastewater Consolidation Agreement.

“Wastewater Provider” means the entity responsible for providing wastewater services as of the Effective Date as identified in accordance with the provisions of Section 2 of the Water Consolidation Agreement.

“Water Consolidation” means consolidation of MWM’s Water System with CAW’s System in accordance with the terms and conditions of the Water Consolidation Agreement.

“Water Consolidation Agreement” means that certain Water Consolidation Agreement dated October 13, 2015, by and between CAW and MWM.

Section 2. Wastewater Provider.

MWM acknowledges and accepts that consummation of the obligations of NLRWW set forth in this Wastewater Consolidation Agreement satisfies the obligations of CAW under Subsection A of Section 2 of the Water Consolidation Agreement and NLRWW is and shall be an acceptable Wastewater Provider. As contemplated herein and in the Water Consolidation Agreement, the closing of the transaction contemplated in this Wastewater Consolidation Agreement shall occur simultaneously with the closing under the Water Consolidation Agreement and the purchase price for MWM’s Wastewater System and MWM’s Wastewater Assets shall be equal to the outstanding principal and interest on MWM’s Old Debt allocated to MWM’s Wastewater System as shown on Exhibit 2A-1 to enable MWM’s Old Debt to be paid-in-full on or before the Effective Date. In the event the closing contemplated herein does not occur, MWM’s entry into this Wastewater Consolidation Agreement shall not relieve CAW of its rights or obligations under Subsection B of Section 2 of the Water Consolidation Agreement.

Section 3. Water System Purchase.

A. *Closing and Effective Date.* The Closing shall take place at the offices of CAW, 221 East Capital Avenue, Little Rock, Arkansas, on the day before the day established by the Parties to be the Effective Date. The Effective Date is anticipated to be no later than March 1, 2016.

B. *Purchase.* NLRWW shall purchase MWM’s Wastewater System and related assets for a purchase price equal to the outstanding principal and interest on MWM’s Old Debt allocated to MWM’s Wastewater System as shown on Exhibit

2A-1. The transfer of title to and control of MWM's Wastewater System will occur as of the Effective Date. On the Effective Date:

- i. all of MWM's Wastewater Assets shall become the assets of NLRWW, "as is – where is" with all faults;
- ii. NLRWW shall assume ownership, operation, management, and control of MWM's Wastewater System and MWM's Wastewater Assets; and
- iii. MWM shall convey all of its right, title and interest in the ownership, operation, management and control of MWM's Wastewater System and MWM's Wastewater Assets to NLRWW and cease to own, operate, manage or control MWM's Wastewater System and MWM's Wastewater Assets.

C. *Accounts Receivables and Accounts Payables.* At Closing, except for MWM's Old Debt which will be paid as the purchase price and the Assumed Liabilities, all cash, accounts receivables and accounts payables associated with MWM's operations prior to the Effective Date will flow to, be assigned to, and be assumed by CAW, including those associated with operations of MWM's Wastewater System prior to the Effective Date. Therefore, the parties agree that except for the Assumed Liabilities, CAW, not NLRWW, will be responsible for payment of all invoices and expenses of MWM, including those associated with MWM's Wastewater System, incurred prior the Effective Date. Nothing in this Section relieves or modifies CAW's obligations set forth on Section 5.K of the Water Consolidation Agreement with respect to the Reserve Cash Fund and payment of expenses related to MWM.

D. *Closing Requirements.* At Closing:

- i. NLRWW shall pay to MWM an amount sufficient to "pay-in-full" all of the outstanding principal and interest of MWM's Old Debt allocated to MWM's Wastewater System;
- ii. MWM shall grant, convey, assign, transfer and deliver to NLRWW free and clear of all liens, encumbrances or other security interests (excluding equipment leases) all of the assets related to MWM's Wastewater System, including but not limited to those assets specifically identified as MWM's Wastewater Assets, and the

Assumed Liabilities, utilizing forms of the Quitclaim Deed and Bill of Sale and Assignment set forth as Exhibits 3C-2, 3C-3 and 3C-4, as applicable; and

- iii. NLRWW shall accept MWM's Wastewater System, including but not limited to those assets specifically identified as MWM's Wastewater Assets, and assume the Assumed Liabilities.

E. *Conditions to Closing.* NLRWW may withdraw from and terminate its obligations under this Wastewater Consolidation Agreement if:

- i. NLRWW notifies MWM and CAW, in writing, of its decision to terminate this Wastewater Consolidation Agreement no later than noon, central time, on December 11, 2015; or
- ii. The City Council of NLR fails to approve the terms and provisions of this Wastewater Consolidation Agreement and the extension of NLRWW service to MWM's Wastewater customers no later than its regularly scheduled meeting set for Monday, December 14, 2015.

F. *Obligations to Accomplish on or before Closing.* On or before the Closing Date:

- i. As contemplated in Section 5.A, NLRWW and CAW shall enter into an employee lease agreement for those MWM employees who decline the offer of employment from NLRWW and are hired by CAW to be utilized by NLRWW for an unspecified period of time pursuant to an employee lease or similar arrangement resulting in a zero net cost to CAW for so long as the employees are utilized by NLRWW, giving NLRWW an opportunity to hire its own employees, which may be some or all of the employees provided by CAW;
- ii. With the purchase money funds derived from NLRWW and CAW, MWM shall hold these funds in trust to pay and shall pay-in-full MWM's Old Debt and cause to be released any liens, encumbrances or security interests arising thereunder.

Section 4. Interim Covenants.

A. *Affirmative Covenants.* Except as otherwise specifically contemplated by and required herein, until the Effective Date, the Parties covenant and agree that:

- i. each will take every action reasonably required of it to ensure the consummation of the Wastewater Consolidation substantially as contemplated herein;
- ii. each shall conduct its business according to the ordinary and usual course of business, consistent with past practice; and
- iii. terminate the Acquisition Agreement with the Maumelle Public Water Authority.

B. *Negative Covenants.* Except as otherwise specifically contemplated by and required herein, until the Effective Date, MWM agrees that it will not, without the consent of CAW and NLRWW:

- i. issue any bonded indebtedness or otherwise create, incur, or assume any long-term or short-term indebtedness other than accounts payable incurred in the ordinary and customary operations of MWM's Systems;
- ii. sell, lease, mortgage, encumber, or otherwise dispose of or grant any interest in any of its assets or properties related to MWM's Systems;
- iii. enter into, amend, or terminate any material contract, agreement, commitment, or understanding related to MWM's Systems, other than this Wastewater Consolidation Agreement; or
- iv. Operate the MWM System other than in the ordinary and usual course of business, consistent with past practice

Section 5. Post Consolidation Operations.

A. *Employees.* NLRWW acknowledges that CAW is obligated by the terms and conditions of the Water Consolidation Agreement to make offers of employment to all current MWM employees, as shown on Exhibit 5A-1. Nothing, however, shall prevent NLRWW from making offers of employment to any or all

of the current MWM employees. Then, the MWM employees will have a choice of employers. CAW, however, commits to NLRWW that CAW will make any of the current MWM employees with wastewater responsibilities available to NLRWW as more specifically provided in Section 3.D.iv of the Water Consolidation Agreement.

B. *MWM Wastewater Customers.* As of the Effective Date, subject to the remaining provisions of Section 3, all MWM Wastewater Customers shall become retail customers of NLRWW.

C. *Rates.* At the Effective Date, NLRWW shall charge MWM Wastewater Customers the then current rates and surcharges for all other similarly situated customers of NLRWW and such other future rates and surcharges as may be established by NLR from time to time, MWM and CAW agreeing that NLR has authority to establish rates for all NLRWW's Wastewater System customers. The Parties acknowledge and agree that NLR's current rates apply to a winter month average whereas MWM's rates apply to actual usage. While CAW is currently working with MWM's billing software vendor to establish a winter month average for MWM Wastewater Customers, it may not be reasonably feasible to bill MWM Wastewater Customers utilizing a winter month average until such time as a complete winter month average can be established for MWM Wastewater Customers and therefore such customers may be billed NLR's rates utilizing actual usage until the establishment of a winter month average. In addition, NLRWW may collect a surcharge from MWM Wastewater Customers, in an amount not to exceed \$0.90 per month per account (the "Sludge Surcharge"), to reimburse NLRWW for the cost of removing the existing sludge from the two southern wastewater lagoons, plus simple interest at a rate of 3.5% per annum, it being acknowledged that a different Sludge Surcharge amount may be collected for different classes of MWM Wastewater Customers. NLRWW shall discontinue collection of the NLRWW surcharge as soon as it has been reimbursed in full as provided above.

D. *Quality of Operations.* NLRWW shall: (i) operate and maintain MWM's Wastewater System consistent with the manner in which NLRWW operates and maintains the other parts of NLRWW's Wastewater System, and (ii) permit the eventual build out of the City in an organized and efficient manner in accordance with NLRWW's policies and procedures which treat all similarly situated customers, whether within or without NLR, in similar fashion.

E. *Final Billing.* In March, CAW shall issue final MWM wastewater bills at MWM wastewater rates to MWM's Wastewater Customers for services rendered in February 2015, and CAW, not NLRWW, shall be entitled to all proceeds and collections from those bills to pay the MWM's liabilities assumed by CAW under the Water Consolidation Agreement, including liabilities, other than the Assumed Liabilities, associated with operation of MWM's Wastewater System prior to the Effective Date. Commencing in April 2016, CAW shall bill the Wastewater Customers at NLRWW's wastewater rates and collect such bills in accordance with the existing Billing Services Agreement between NLRWW and CAW.

F. *Ongoing Obligations.* From and after the Effective Date, NLRWW shall be responsible for filing all monthly or annual reports to be filed after the Effective Date by MWM as operator of MWM's Wastewater System with the Arkansas Department of Environmental Quality, including specifically those reports that would have been filed by MWM for operation of MWM's Wastewater System after the Effective Date for operations during calendar years 2015 and 2016. All such reports shall be prepared by NLRWW employees and/or MWM's consulting engineers. Except for the Assumed Liabilities, MWM shall remain responsible for and liable for all reports, fines, and other matters related to periods prior to the Effective Date including remaining responsible for reports that should have been filed by MWM before the Effective Date provided that all costs, including fines, shall be paid from the Reserve Cash Fund pursuant to Section 5, Paragraphs I and J of the Water Consolidation Agreement, but that regardless of the method of payment, neither the NLRWW nor NLR shall be responsible for events occurring prior to the Effective Date.

G. *Water Treatment Plant Residuals.* The Parties acknowledge and agree that the majority of the sludge and fill in the northern lagoon at MWM's wastewater treatment plant (as shown by the red outline on Exhibit 5.G-1) is residuals from MWM's water treatment plant. The bottom portion of the sludge and fill in the northern lagoon at MWM's wastewater treatment plant may be wastewater residuals. Nevertheless, NLRWW agrees that CAW shall be permitted to continue to dispose of residuals from MWM's water treatment plant, free of charge, in the northern lagoon at MWM's wastewater treatment plant for so long as CAW continues to operate MWM's water treatment plant and for a reasonable period of time thereafter until MWM's water treatment plant is decommissioned and the short term residual lagoon located at MWM's water treatment plant has been emptied. MWM's water treatment plant will not be decommissioned until the thirty inch (30") water transmission main connecting CAW's System to MWM's Water System is completed and fully operational. At this time, CAW anticipates it

should take about thirty (30) months from the Effective Date to complete new main and put it into operation, without any unforeseen delays. Therefore, It is anticipated that CAW could begin the process of working on the north lagoon around September, 2018. CAW will work with NLRWW to proceed at a diligent pace. Thereafter, CAW, at CAW's expense, shall assume responsibility for removing and shall have removed all of the sludge (whether the sludge consists of water or wastewater residuals) from the portion of the northern lagoon that NLRWW, in its reasonable discretion, determines is necessary for the continued operation of NLRWW's Wastewater System in accordance with the methodology of operation determined to be in the best interest of NLRWW and its ratepayers (which may include the northern lagoons use as an equalization basin). While removal of all sludge in the entire lagoon may be required, the NLRWW agrees to work with CAW to determine if removing the sludge from less than all of the lagoon, may be possible, with an understanding and intention that no more of the lagoon will be required by NLRWW to be cleaned out of sludge than is necessary for the proper operation of the NLRWW's Wastewater System and its future operations. CAW agrees that any portion of the northern lagoon that is cleaned out will be cleaned of all sludge and such portion shall be left in a shape and condition similar to its original designed shape or in a condition suitable to be used as a wastewater lagoon, including filling in any areas lowered to construct the current partition in the southwest corner, repairing any damaged areas and constructing any embankments needed to make the cleaned out portion operable and usable. Any portion of the lagoon which is not required to be cleaned out shall be stabilized and closed out in accordance with all applicable laws and regulations of the appropriate regulatory authorities and NLRWW and the surface restored to a usable condition including being leveled and brought to grade. The expense of CAW in carrying out its obligations under this Section 5.G. shall include, but is not limited to, the cost of any engineering, testing, permitting, reporting, documenting and any other necessary costs. CAW's obligation to remove the sludge is a one-time obligation, not a continuing obligation. Once, CAW has removed the existing sludge from the northern lagoon at MWM's wastewater treatment plant, future operations, cleaning, repair and maintenance of the cleaned out portion of the northern lagoon shall be the obligation of and at the expense of NLRWW. Provided, NLRWW becomes the Wastewater Provider, this paragraph modifies CAW's obligations set forth in paragraph B of Exhibit 5J-1 to the Water Consolidation Agreement. If NLRWW terminates this Wastewater Consolidation Agreement in accordance with its terms and conditions and does not become the Wastewater Provider, CAW's obligations set forth in paragraph B of Exhibit 5J-1 to the Water Consolidation Agreement shall remain in full force and effect.

Section 6. Property Interests.

A. *Property Transfers.* It is the intent of the Parties that MWM transfer to NLRWW only that real or personal property necessary for NLRWW to continue operating MWM's Wastewater System in the same manner as it is operated today. Notwithstanding anything contained within the Water Consolidation Agreement, CAW shall not be required to offer to transfer to NLRWW, without charge or payment therefor, those MWM Water Assets no longer needed by CAW to provide water service to the Customers, but CAW may dispose of those assets in whatever means it determines to be in the best interest of the Customers and CAW, which may include transfer of the property to the City or NLRWW. In addition, the Parties acknowledge, accept and agree that a substantial amount of real and personal property will be transferred as contemplated in Section 3, Paragraph D. If any property has not been scheduled on Exhibits 3D-1 or 3D-2, and NLRWW may request MWM or CAW, as applicable, to transfer ownership of such property to NLRWW, or if property was incorrectly transferred to NLRWW, CAW may request transfer of the water related property to CAW.

Section 7. General Terms.

A. *Expenses.* Until the Effective Date, each Party shall bear its own expenses associated with the obligations outlined in this Wastewater Consolidation Agreement, including legal expenses and thereafter, all of MWM's expenses shall be timely paid by CAW from the Reserve Cash Fund as provided in the Water Consolidation Agreement.

B. *No Third-Party Beneficiaries.* This Wastewater Consolidation Agreement is intended solely for the benefit of the Parties hereto. This Wastewater Consolidation Agreement is not intended for the benefit of any other person or entity.

C. *Entire Agreement.* Except as specifically contemplated herein, this Wastewater Consolidation Agreement contains the entire understanding among the Parties in respect to the subject matter hereof. This Wastewater Consolidation Agreement may be amended only by a written instrument executed by each Party. This Wastewater Consolidation Agreement cannot be assigned by any Party without the prior written consent of the other Party. This Wastewater Consolidation Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

D. *Notices.* Any and all notices given under this Wastewater Consolidation Agreement shall be given by, and be deemed given when, (i) delivered by personal delivery; or (ii) delivered by email with a written acknowledgement of receipt from the other Party, addressed as follows:

If to CAW: C. Tad Bohannon
Central Arkansas Water
221 East Capitol Avenue
Little Rock, AR 72202
Email: tad.bohannon@carkw.com

If to MWM:
(Before Effective Date) Barry Heller
Maumelle Water Management
90 Lake Point Place
Maumelle, AR 72113
Email: bheller@maumellewater.com

With Copy to:
(Before and After Effective Date) Stuart W. Hankins
Hankins Law Firm, P.A.
1515 East Kiehl Ave.
Sherwood, AR 72120
Email: swhankins@hankinslawfirm.net

If to NLRWW: Marc Wilkins
North Little Rock Wastewater
7400 Baucum Pike
P.O. Box 17898
North Little Rock, AR 72117
mwilkins@nlrwu.com

With Copy to: Mark Halter
Hilburn, Calhoun, Harper, Pruniski, & Calhoun,
1 Riverfront Place
P.O. Box 5551,
North Little Rock, AR 72119
Email: mhalter@hilburnlawfirm.com

or such other address as a Party may designate in writing to the other Party from time to time.

E. *Governing Law.* This Wastewater Consolidation Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas.

F. *Severability.* If any of the terms or provisions of this Wastewater Consolidation Agreement or the application thereof to any person or circumstance shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Wastewater Consolidation Agreement and the application of such terms or provisions to other persons or circumstances shall not be affected thereby, but rather shall be enforceable to the greatest extent permitted by law.

G. *No Conflict.* Each Party represents and warrants to the other that its entry into this Wastewater Consolidation Agreement and the consummation of the Consolidation as contemplated by this Agreement does not constitute a default under or result in a breach of any agreement to which it is a Party.

H. *Further Assurance.* In case at any time after Consolidation any further action is necessary or desirable to carry out the purposes of this Agreement, each of the Parties shall take such further action (including the execution and delivery of such further instruments and documents) as any other Party reasonably may request, all at the sole cost and expense of the requesting Party with respect to reasonable out of pocket costs.

[3 Signature Pages and Exhibits follow]

IN WITNESS HEREOF, the Parties have executed this Agreement as of the date first set forth above.

Central Arkansas Water

By: _____
Dr. Roby Robertson, Chairman

Acknowledged and Agreed:

Anthony Kendall, Vice Chair

Jay Hartman, Secretary/Treasurer

John Braune, Commissioner

Carmen Smith, Commissioner

Marie-Bernarde Miller, Commissioner

Eddie Powell, Commissioner

Maumelle Water Management

By: _____
Dave Kaufman, Chairman

Acknowledged and Agreed:

Mary Peyton, Vice Chair

Ralph Kearney, Secretary

**North Little Rock Wastewater
Treatment Committee**

By: _____
Kenneth Buck Matthews, Chairman

Acknowledged and Agreed:

Sylvester L. Smith, Vice-Chairman/Secretary

Karen Bryant, Committee Member

Clark McGlothin, Committee Member

Edward Nelson, Committee Member

Exhibit List

Exhibit 1 – Map of MWM Service Territory

Exhibit 2A-1 - MWM's Old Debt

Exhibits 3B-1 - Wastewater Assets, "Real Property"

Exhibits 3B-2 - Wastewater Assets, "Personal Property"

Exhibits 3B-3 - Wastewater Assets, "Contracts/Rights"

Exhibit 3C-1 - MWM Wastewater Assumed Liabilities

Exhibit 3C-2

 Exhibit 3C-2A – Quitclaim Deed for Real Property

 Exhibit 3C-2B – Quitclaim Deed for Easements

Exhibit 3C-3 – Bill of Sale

Exhibit 3C-4 - Assignment

Exhibit 5A-1 - MWM Employee List w/ Wastewater Employees Designated

Exhibit 5G-1 – Northern Lagoon

Exhibit 1
Map of MWM Service Territory

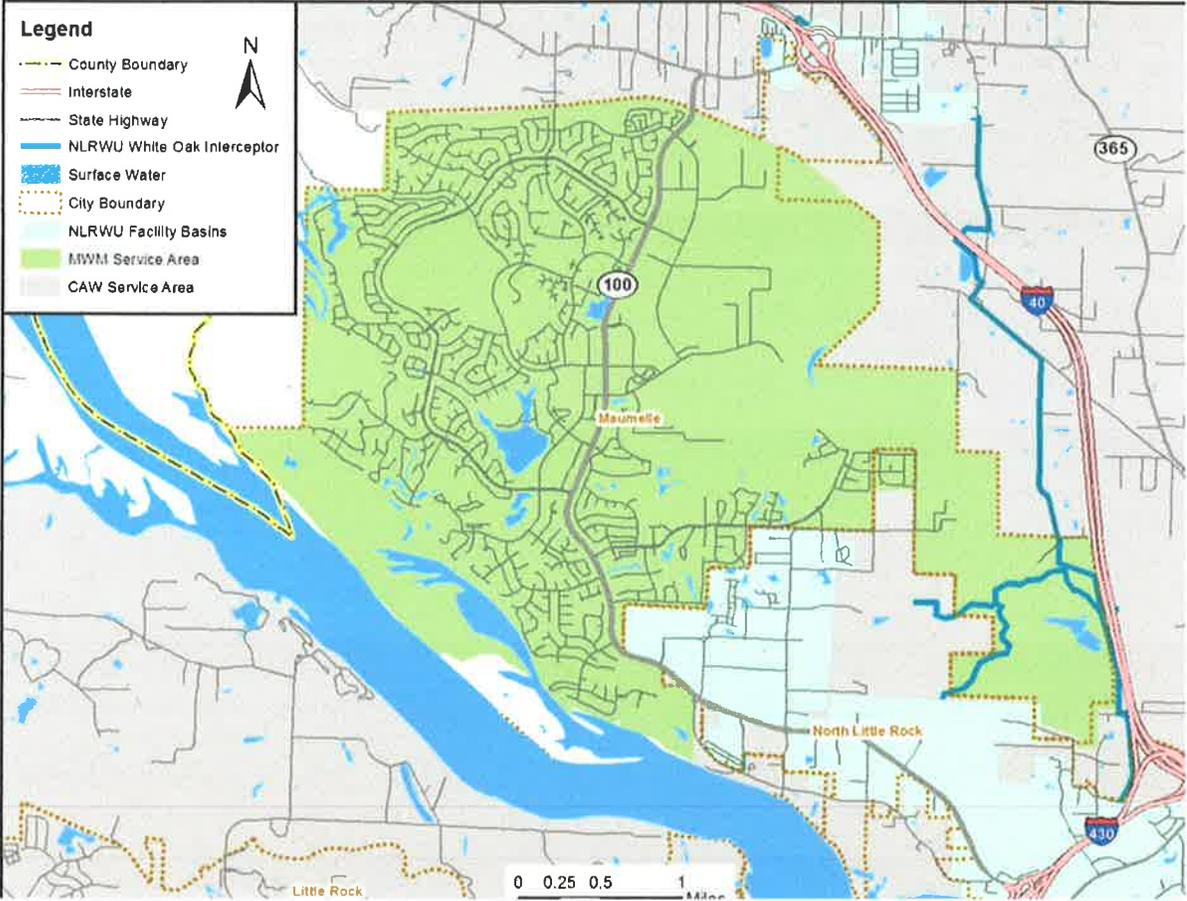


Exhibit 2A-1
MWM's Old Debt
(Approximate Amounts)

Current Debt Issue	Total	Allocated to Water	Allocated to Wastewater
ASWCC #1	3,331,531.97	3,331,531.97	
ASWCC #2	1,035,358.57	1,035,358.57	
2002 Lease Purchase	2,047,492.58	1,740,368.69	307,123.89
Series 2005	3,017,404.36	1,418,180.05	1,599,224.31
Series 2008	1,859,928.30	1,320,549.09	539,379.21
Centennial Bank	100,000.00	100,000.00	0.00
Totals	\$11,391,715.78	\$8,945,988.37	\$2,445,727.41

Exhibits 3B-1
Wastewater Assets
“Real Property”

[Exact list to be agreed upon by the Parties before noon, central time, on December 11, 2015]

The Real Property shall include all real property necessary for or related to wastewater service within or without MWM’s Service Territory, including but not limited to:

Wastewater Treatment Plant, with affiliated office and training center, and surrounding property
Sewage Pump Stations

All wastewater line easements, regardless of whether such easements are currently in use or not

Remainder – to be provided

Exhibits 3B-2
Wastewater Assets
“Personal Property”

[Exact list to be agreed upon by the Parties before noon, central time on December 11, 2015]

The Personal Property shall include all personal property necessary for or related to wastewater service within or without MWM’s Service Territory except cash and accounts receivables in accordance with the terms of the Wastewater Consolidation Agreement, including but not limited to:

Exhibits 3B-3
Wastewater Assets
“Contracts”

[Exact list to be agreed upon by the Parties before noon, central time on December 11, 2015]

The Contracts shall include all contracts entered into by MWM which are necessary for NLRWW to continue operation of MWM’s Wastewater System on and after the Effective Date.

[to be provided]

Exhibit 3C-1
MWM Wastewater Assumed Liabilities

[Exact list to be agreed upon by the Parties before noon, central time on December 11, 2015]
[*to be provided*]

Exhibit 3C-2A
Quitclaim Deed

QUITCLAIM DEED

The **BOARD OF COMMISSIONERS OF THE MAUMELLE SUBURBAN IMPROVEMENT DISTRICT NO. 500 d/b/a MAUMELLE WATER MANAGEMENT** ("Grantor"), by its duly authorized Chair, for and in consideration of the sum of \$10.00 and other valuable consideration in hand paid by **THE CITY OF NORTH LITTLE ROCK, ARKANSAS FOR THE USE AND BENEFIT OF THE NORTH LITTLE ROCK WASTEWATER TREATMENT COMMITTEE** ("Grantee"), the receipt of which is hereby acknowledged, does hereby grant, convey, sell and quitclaim unto Grantee, and unto its successors and assigns forever, the real property in Pulaski County, Arkansas described on Exhibit A attached hereto.

TO HAVE AND TO HOLD the same unto Grantee and unto its successors and assigns forever, with all tenements, appurtenances and hereditaments thereunto belonging.

EXECUTED: _____, 2016, to become effective at 12:01 a.m. on _____, 2016.

BOARD OF COMMISSIONERS OF THE
MAUMELLE SUBURBAN IMPROVEMENT
DISTRICT NO. 500 d/b/a MAUMELLE WATER
MANAGEMENT

By: _____
Dave Kaufman, Chair

ACKNOWLEDGMENT

STATE OF ARKANSAS

COUNTY OF PULASKI

On this the ____ day of _____, 2016, before me, a Notary Public, personally appeared Dave Kaufman, who acknowledged that he is Chair of the Board of Commissioners of the Maumelle Suburban Improvement District No. 500 d/b/a Maumelle Water Management and that, in such capacity, he executed the foregoing deed for the purposes and consideration mentioned therein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

Notary Public

Exhibits

EXHIBIT A

Description of Real Property

The following lands situated in Pulaski County, Arkansas:

SEE ATTACHED COLLECTIVE EXHIBIT A

CONSISTING OF ___ PAGES

(EXCLUDING THIS PAGE)

Exhibit 3C-2B
Quitclaim Deed (Easements)

**QUITCLAIM DEED
(Easements)**

The **BOARD OF COMMISSIONERS OF THE MAUMELLE SUBURBAN IMPROVEMENT DISTRICT NO. 500 d/b/a MAUMELLE WATER MANAGEMENT** ("Grantor"), by its duly authorized Chair, for and in consideration of the sum of \$10.00 and other valuable consideration in hand paid by **THE CITY OF NORTH LITTLE ROCK, ARKANSAS FOR THE USE AND BENEFIT OF THE NORTH LITTLE ROCK WASTEWATER TREATMENT COMMITTEE** ("Grantee"), the receipt of which is hereby acknowledged, does hereby grant, convey, sell and quitclaim unto Grantee, and unto its successors and assigns forever, all easements and other right, title, interest and claim in and to the real property in Pulaski County, Arkansas described on Exhibit A attached hereto.

TO HAVE AND TO HOLD the same unto Grantee and unto its successors and assigns forever, with all tenements, appurtenances and hereditaments thereunto belonging.

EXECUTED: _____, 2016, to become effective at 12:01 a.m. on _____, 2016.

BOARD OF COMMISSIONERS OF THE
MAUMELLE SUBURBAN IMPROVEMENT
DISTRICT NO. 500 d/b/a MAUMELLE WATER
MANAGEMENT

By: _____
Dave Kaufman, Chair

ACKNOWLEDGMENT

STATE OF ARKANSAS

COUNTY OF PULASKI

On this the ____ day of _____, 2016, before me, a Notary Public, personally appeared Dave Kaufman, who acknowledged that he is Chair of the Board of Commissioners of the Maumelle Suburban Improvement District No. 500 d/b/a Maumelle Water Management and that, in such capacity, he executed the foregoing deed for the purposes and consideration mentioned therein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

Notary Public

Exhibits

EXHIBIT A

Description of Real Property Easements and Related Rights

Easements and related rights, as described below, with respect to the following lands situated in Pulaski County, Arkansas:

SEE ATTACHED COLLECTIVE EXHIBIT A

CONSISTING OF ___ PAGES

(EXCLUDING THIS PAGE)

Exhibit 3C-3
Bill of Sale

BILL OF SALE

The **BOARD OF COMMISSIONERS OF THE MAUMELLE SUBURBAN IMPROVEMENT DISTRICT NO. 500 d/b/a MAUMELLE WATER MANAGEMENT** ("Seller"), for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration in hand paid and delivered by **THE CITY OF NORTH LITTLE ROCK, ARKANSAS FOR THE USE AND BENEFIT OF THE NORTH LITTLE ROCK WASTEWATER TREATMENT COMMITTEE** ("Buyer"), the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and deliver to Buyer, without warranty of any type whether express or implied except for warranty of title that Seller transfers the goods and chattels free of liens, claims and encumbrances, the goods and chattels described on Exhibit A attached hereto and incorporated herein.

TO HAVE AND TO HOLD the same unto the said Buyer and its successors and assigns forever.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale on this ____ day of _____, 2016, to become effective at 12:01 a.m. on _____, 2016.

BOARD OF COMMISSIONERS OF THE
MAUMELLE SUBURBAN IMPROVEMENT
DISTRICT NO. 500 d/b/a MAUMELLE WATER
MANAGEMENT

By: _____
Dave Kaufman, Chair

ACKNOWLEDGMENT

STATE OF ARKANSAS

COUNTY OF PULASKI

On this the ____ day of _____, 2016, before me, a Notary Public, personally appeared Dave Kaufman, who acknowledged that he is Chair of the Board of Commissioners of the Maumelle Suburban Improvement District No. 500 d/b/a Maumelle Water Management and that, in such capacity, he executed the foregoing deed for the purposes and consideration mentioned therein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

Notary Public

EXHIBIT A

Description of Goods and Chattels

All personal property of any type or description, tangible or intangible, owned by the Maumelle Water Management and used to operate or maintain Maumelle Water Management's wastewater system, but not its water system, including, without limitation, the property described on the attached collective Exhibit A consisting of ____ pages (excluding this page).

Exhibit 5A-1

MWM Employee List w/ Wastewater Employees Designated as of September 15, 2015

	<u>EMPLOYEE NAME</u>	<u>MWM TITLE</u>
SHARED EMPLOYEES <i>(Any shared employees could work with wastewater)</i>	Heller	General Manager
	Farler	Asst. General Manager
	Richardson	Business Manager
	Cotnoir	Office Manager
	Hall	Cust. Serv Clerk I
	Tacker	Cust. Serv Clerk II
WATER EMPLOYEES	Pruss	Dist. Supervisor
	Harrington	Dist. Technician
	Harvey	Dist. Technician
	Shirley	Dist. Technician
	Phillips	Dist. Technician
	Shadwick	Dist. Technician
	Palmquist	Serviceman
	Watson	Serviceman
	Turbyfill	Meter Reader
	Walker	Meter Reader
	Cooley	Instrument Technician
	Moul	Maint/Svc/Inst Tech/Maint Elec
	Jenkins	Maint/Svc/Inst Tech/Maint Elec
	Fourte	Maint/Svc/Inst Tech/Maint Elec
	Burgan	Water Operator
	Cummings	Water Operator
	Jannsen	Water Operator
	Thornton	Water Operator
Rankin	Water Operator	
WASTEWATER EMPLOYEES WASTEWATER EMPLOYEES	Crook	Wastewater Manager
	Belasco	Maint/Svc/Inst Tech/Maint Elec
	King	Maintenance Electrician
	Dunham	Wastewater Oper 2
	Kirkendoll	Wastewater Oper 2
	Goodson	Wastewater Oper 1
	Holt	Wastewater Field Tech
	Turpin	Wastewater Field Tech

Exhibit 5G-1
Northern Lagoon

