

NORTH LITTLE ROCK WASTEWATER TREATMENT COMMITTEE

MINUTES OF A MEETING HELD TUESDAY, DECEMBER 13, 2016

A meeting of the North Little Rock Wastewater Treatment Committee was held on Tuesday, December 13, 2016 at the administrative offices located at the Faulkner Lake Treatment Plant.

The meeting was called to order by Chairman Matthews at approximately 12:12 p.m. Those in attendance at the meeting were Mr. K.W. Matthews, Mr. Ed Nelson and Ms. Karen Bryant, and in addition, Mayor Mike Watson from the City of Maumelle and Ms. Judy Keller, representative from the City of Maumelle. Also in attendance were Mr. Marc Wilkins, Director, Ms. Gina Briley, Mr. Charles Frost, Mr. Ronnie Thompson, Mr. Michael Clayton, Mr. Lyle Leubner, Mr. Mark Halter with Hilburn, Calhoun, Harper, Pruniski & Calhoun, Ltd. and Dawn Harmon.

First, the Committee reviewed the minutes of its November 8, 2016 meeting. After review, a motion was made by Mr. Nelson, seconded by Ms. Bryant, to approve the minutes of the November 8, 2016 meeting as submitted. The motion carried unanimously.

Next, the Committee reviewed the cash disbursements for November 2016. Mr. Wilkins informed the Committee that on page 10, check number 40227, represents the final payment made to Diamond Construction Company for all the emergency repairs. There being no more comments or questions, a motion was made by Ms. Bryant, seconded by Mr. Nelson, to approve the cash disbursements for November 2016 reflecting total cash disbursements of \$4,139,867.24 and transfers between accounts of \$1,985,142.51. The motion carried unanimously.

Upon motion made by Mr. Nelson, seconded by Ms. Bryant, the Committee unanimously approved the Financial Statement for November 2016.

The Committee then reviewed the invoice received from APERMA in the amount of \$112,897.00 for the 2017 property and liability coverage. Mr. Wilkins advised the Committee that this amount reflects an increase of \$9,901.00 over the previous two years. Part of the increase is 7.5% which was applied to all of the members billed cost. The remaining increase is due to the addition of the Maumelle property. The Utility was also notified that APERMA will increase the sewer back up limit from \$5,000.00 per claim to \$7,500.00 per claim with an annual cap of \$50,000.00 at no additional cost. It was noted that the increase in coverage is included in the 2017 budget. After discussion, a motion was made by Mr. Nelson, seconded by Ms. Bryant, to authorize payment to APERMA for property and liability insurance coverage in the amount of \$11,897.00. The motion carried unanimously.

Mr. Wilkins then informed the Committee that the Utility received an invoice for

the 2017 Workers' Compensation Insurance in the amount of \$105,127.00. The amount paid for 2016 was \$80,079.00. The National Council on Compensation Insurance Rates for the Utility's payroll classes increased nine percent (9%) from 2016. The Utility's experience rating went from 1.54 to 1.81, which is an eighteen percent (18%) increase. The number of claims for each of the last three (3) years are as follows:

2013 - 18 claims
2014 - 12 claims
2015 - 11 claims

Additionally, the Utility's payroll for 2017, without overtime, increased from the 2016 estimation. The premium amount has been included in the 2017 budget. The Utility will also receive a credit in the amount of \$755.00 for the 2015 final gross payroll being less than what was estimated for that year. Once the credit is applied, the invoice amount will be \$104,372.00. A motion was then made by Mr. Nelson, seconded by Ms. Bryant, to authorize payment to the Municipal League Workers' Compensation Trust in the amount of \$104,372.00. The motion carried unanimously.

The Committee then discussed the proposed budget for 2017. Mr. Wilkins addressed the highlights which are as follows:

1. The residential, commercial and industrial charges are based on the current rate ordinance which includes a rate increase effective with the January 2017 usage which will be billed in February 2017. The Maumelle revenue was estimated based on average winter months' consumption usage for qualified customers.
2. The Sherwood treatment charge is based on the Court's Order formula calculations and the projected 2016 year-end account balances.
3. Other operating revenue such as late fees collected is based on a four-year average.
4. The labor budget for 2017 is based on the current labor force plus five (5) positions which had not been filled at the time of budget preparation. A three percent (3%) cost of living increase for all employees effective for the first pay period of 2017 was assumed. There are also line items for an incentive/merit program and any administrative realignment which is needed. The overtime cost is based on the 2016 percentage of overtime to regular labor cost.
5. The other operating expense budget for 2017 is based on the projected 2016 year-end balances plus a three percent (3%) increase. If a 2017 expense was expected to be more than three percent (3%), the higher increase was included in the budget.

6. The other operating expenses also include a \$705,000.00 contribution to the pension plan, which is around fifteen percent (15%) of the projected 2017 gross payroll. Also, an amount of \$1,000,000.00 for possible emergency repairs is shown as a separate line item. The depreciation amount is based on the current property detail plus any completed projects or equipment additions anticipated during 2017.
7. The non-operating revenue is based on current investments and the non-operating expenses are based on the Utility's current bond issues.
8. The projected cash flow assumes that all capital additions listed on page 9 and page 10 are purchased. It also assumes that the 2017 projects on page 11 are started. Some of these projects will be covered with money from the bond issues which is reflected on page 8 as "Anticipated Draws from ADFA".

After much discussion, a motion was made by Mr. Nelson, seconded by Ms. Bryant, to approve the budget for 2017. The motion carried unanimously.

Mr. Wilkins then informed the Committee that the staff prepared bid documents for the cured-in-place pipeline rehabilitation (CIPP) in the West Levy and SID 212 areas based on the 2015 Sewer System Evaluation Survey. The project includes internal lining of approximately 27,916 linear feet of 6", 8", 10", 12", 15", 18", 30" and 54" gravity sewer mains. The estimated cost for the project is \$1,695,000.00 which will be funded through the Utility's 2016 Revolving Loan Fund loan. A motion was made by Mr. Nelson, seconded by Ms. Bryant, to authorize the staff to advertise for bids for West Levy and SID 212 Basin Cured-in-Place Pipe Rehabilitation contingent upon receiving authorization from the Arkansas Natural Resources Commission. The motion carried unanimously.

Further, the staff has prepared bid documents for pipe bursting pipeline rehabilitation in the West Levy and SID 212 areas based on the 2015 Sewer System Evaluation Survey. This project includes pipe bursting rehabilitation of approximately 24,930 linear feet of 6", 8" and 10" gravity sewer mains. The estimated cost for this project is \$1,803,000.00 which will also be funded through the Utility's 2016 Revolving Loan Fund loan. A motion was made by Mr. Nelson, seconded by Ms. Bryant, to authorize the staff to advertise for bids for West Levy and SID 212 Basins Pipe Bursting contingent upon receiving authorization from the Arkansas Natural Resources Commission. The motion carried unanimously.

Mr. Wilkins noted that all engineering work on these two (2) projects was performed in-house. Chairman Matthews asked Mr. Wilkins to provide the Committee with the savings realized by the Utility by doing the engineering work in-house.

A motion was then made by Mr. Nelson, seconded by Ms. Bryant, to excuse the absence of Mr. McGlothlin and Mr. Smith from the meeting. The motion carried unanimously.

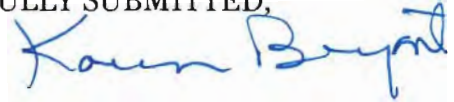
There being no further action to come before the Committee, a motion was made by Mr. Nelson to adjourn the meeting. The motion carried unanimously, and the meeting was adjourned at approximately 12:37 p.m.

APPROVED AS TO FORM:

A handwritten signature in blue ink that reads "Kw Matthews". The signature is written in a cursive style and is placed over a light pink rectangular background.

K. W. MATTHEWS, CHAIRMAN

RESPECTFULLY SUBMITTED,

A handwritten signature in blue ink that reads "Koun Bryant". The signature is written in a cursive style and is placed over a light pink rectangular background.

SYLVESTER SMITH,
VICE-CHAIRMAN/SECRETARY