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CITY OF NLR, MAYORS OFFICE



September 14, 2017

Via Hand Delivery and Certified Mail

The Honorable Mark Stodola
Mayor, City of Little Rock
City Hall, Room 203
500 West Markham Street
Little Rock, AR 72201

The Honorable Joe Smith
Mayor, City of North Little Rock
North Little Rock City Hall
300 Main Street
North Little Rock, AR 72114

Re: Proposed issuance of special revenue bonds to complete transfer of Wye Mountain assets and the adoption of a debt surcharge on Wye Mountain customers for repayment of the bonds

Mayors Stodola & Smith:

CENTRAL ARKANSAS WATER ("CAW") proposes to issue not more than One Million Seven Hundred Thirty-Eight Thousand Dollars (\$1,738,000) in additional CAW Water Revenue Bonds in calendar year 2017. CAW plans for the additional bonds to be purchased by the Arkansas Development Finance Authority through the State Drinking Water Revolving Loan Fund. The proceeds of the water revenue bonds will be used to complete the transfer of the capital assets of the Wye Mountain Water Facilities Board of Perry County, Arkansas ("WMWFB") by replacing the existing debt owed by the WMWFB. The terms of the Water Revenue Bonds will match the remaining terms of the existing debt that the WMWFB has through the State Drinking Water Revolving Loan Fund.

In conjunction with the issuance of additional bonds, CAW will adopt a WMWFB debt surcharge, \$32 per bill, for repayment of debt. This debt surcharge will apply only to customers of the WMWFB water system; Little Rock and North Little Rock ratepayer revenues will not be utilized to repay this additional debt. Customers of the WMWFB water system will also pay outside city rates for water service.

The Consolidation Agreement requires at least one (1) public hearing on any proposed rate change or bond issuance and requires that we give a three-month notice to the governing bodies of the two cities. We will hold the public hearing but have not yet set the date. We plan to notify you when it is set. We respectfully ask that the Little Rock Board of Directors and the North Little Rock City Council accept this letter as official notice of our intention to issue revenue bonds and accept that the three-month review period begins as of September 14, 2017.

If you need additional information about the proposed bond issuance or the debt surcharge, please contact me at 377-1345.

CENTRAL ARKANSAS WATER

[Handwritten signature of C. Tad Bohannon]

C. Tad Bohannon
Chief Executive Officer

FILED 9:50 P.M.
BY Email for Julie Mayer's Office
DATE 9-25-17
Diane Whitbey, City Clerk and Collector
North Little Rock, Arkansas
RECEIVED by [Signature]