

Spring Valley Manor Improvement District Information Meeting
Re: SID #7 & SID #239 Hosted by: SVM POA
March 29, 2018; 6:30pm
Korean Disciples Church; Little Rock, AR



AGENDA ITEM #1: Introductions: Meeting was called to order at 6:35pm with welcome and introduction of members present and POA Board members.

AGENDA ITEM #2: Suburban Improvement District #7 (SID#7).

SID #7 Chairperson, B.J. Biggers, was introduced to address questions submitted to the SID #7 by SVM members at large.

Seven (7) questions were submitted by SVM members at large. A handout was prepared by SID #7 with answers to all the submitted questions (Attachment #2). BJ went over each question and read the prepared answers. Please read Attachment #1 for those questions/answers. Below are additional questions/comments from tonight's meeting, which are not included in SID #7's handout:

BJ began by explaining how and why the SID #7 came into being. The sea wall/dam for Lake #2 had gone out of compliance and extensive work needed to be done to bring it into compliance. Because of this SID #7 was created. She also explained that a "Dam Inspector" comes out each year to make sure we are in compliance. From their report comes the majority of our maintenance projects.

Why is the lake lowered and will you continue to do so? BJ explained that the lowering of the lake was being done to allow people on the lake time to clean the shoreline behind their homes. Also, they have noticed that since lowering the lake two years ago the water is clearer. She also stated they would try and push lowering the lake later in the season.

It was mentioned that the old PVC pipes were located next to the newly built storage building built on the empty lot was free to whomever wanted to take some.

Is the SID #239 going to stock the lakes? Yes, one of the SID #239 Commissioners is looking into the cost and best recommended fish to purchase. They will stock Lake #2 and possibly Lake #1. The large amount of carp in Lake #2 and Lake #3 was discussed. SID #239 is looking into the best way to get rid of the carp. They are looking to stock before beginning of summer 2018.

Water Testing: City ordinances require the testing of any bodies of water used for swimming. If E Coli is found, the lake is closed until two (2) negative tests are done. Geese droppings increase the E Coli level in our water. A short discussion followed with suggestions for how to rid the beach from geese.

AGENDA ITEM #3: Sewer Improvement District #239 (SID#239) Formed 1978.

Chairperson of SID #239, Mary Lyons, and SID #239 attorney, Jim Phillips were introduced.

Twenty-three (23) questions were submitted to SID #239 by SVM members at large for discussion at tonight's meeting. Mark Lyons prepared answers to each question prior to the meeting and created a handout with all questions and answers (Attachment #3). Below are additional questions/comments from tonight's meeting, which are not included in SID #239's attached handout:

Lack of Communication: Mark asked that if any SVM members at large have any questions after meeting to please contact him directly and he will be happy to answer them.

Election of Commissions:

1. Why is the County involved in the election of Commissioners when we are no longer in the County? When the District was established SVM was part of the County not the City. Since we still owe money on the Bond, we are still the original District from when we were established. However, the City has responsibility for maintenance of the lines.
2. Question was asked why SVM members were not told of 2 of the 3 SID #239 commissioners' resignations. Mark Lyons stated he had been busy and only found out in December 2017 about the resignations.
3. Question was asked how SID #239 commissioners were nominated and elected. Attorney Jim Phillips stated that the District must comply with current law and procedure. Saying that, he admitted that he had no idea what the current procedures were or what the current statutes were regarding replacement of SID commissioners. He said he had been researching the statutes, but they have changed over the last several years and still is unclear as to how the elections should be held.
 - * It was requested that Mr. Lyons inform the SVM members at large when attorney Jim Phillips "figures" out the procedures required to replace the SID #239 commissioners. Lyons assured the members he would.
4. Several members asked about nominations and their possible interest. Mark Lyons stated that due to Patrick Dillard's resigning from SID #239, a commissioner with background in accounting or a CPA is needed.
5. Question was asked why is there a difference in procedures SID #7 and SID #239 follows regarding the nomination and election of commissioners. Attorney Phillips stated it depends which ACT the SID's were formed under as to which procedures they were required to follow. He also stated he did not know which ACT SID #7 or SID #239 were formed under. At this time BJ Biggers gave a brief summary as to procedures SID #7 follows which nominating/electing commissioners.
6. Question was asked since we know procedures for SID #7 can SID #239 follow the same procedures since Attorney Phillips has been unable to identify SID #239 procedures. Attorney Phillips said it was possible as long as SVM was "inclusive" of nominations and there were no complaints.

Tie-In Updates:

1. Was asked if it was true that the tie-in currently under negotiations with Kanis Creek will not be sealed until more commissioners are elected to SID #239. Lyons stated it was true.
2. Lyons discussed Graham Smith's tie-in update: Smith wants to collect a portion or all future tie-ins that tie into their line. SVM SID #239 is not in agreement with that, so we are at an impasse. Lyons stated that if they want to collect all future tie-ins then they will have to buy out SVM SID #239.
3. Attorney Phillips stated he had met with Smith and his attorney last week and they stated SID #239 is the "last piece of their puzzle." Smith is not opposed to paying small fee for his tie into our line but wants all rights to charge and collect future tie-ins instead of SID #239. In past, SID #239 has preserved the right for SID #239 to collect all future tie-ins. Smith has threatened lawsuit if SID #239 does not agree. Attorney Phillips stated he was hesitant to go against Smith in court. Phillips also stated he assumes Smith will tie in without telling us and wait for us to sue him. Phillips stated he was not in a hurry to get back with Smith; he would rather wait for Smith to contact him.

Yearly Taxes:

Question was asked how much does SID #239 and SID #149 each pay per year. Lyons stated he had a spreadsheet with all the information. However, Lyons has not been able to reconcile the numbers and once he has the numbers straight, he will send out a copy to SVM members.

Annual Bond Debt We Pay: \$121,508.00

District #239 Assessment: \$94,615.00 (~59%)

Capital Lakes (SID #148) pays ~41%

Question was asked if Capital Lakes (SID #148) was current and if they paid late fees for all months they were late.

Lyons stated Mark Spradley would notify SID #239 when #148 was late. #148 was late two years in a row. They are up-to-date on payments but have NOT as of date paid their late fees.

Is there a “Pre-Pay” penalty if we pay the bond off early? Attorney Philips stated that there was originally a “pre-pay” penalty, but he does not know if we are over the period where we would not be charged a pre-pay penalty fee.

What is our interest rate? Mark Lyons stated that our interest rate has dropped three (3) times 5.15% to 4.5% and is currently at 3.25% (dropped December 2016). Interest rate will more than likely go up again at some point in time.

At one point did we not have enough money to pay off loan? Mark Lyons stated that we paid off our original bond of \$109,000 (page 4 of Attachment #1). The 2nd or 3rd bond we do not have enough money to pay off according to Lyons.

What is the bond/money owed history? The following was stated by Mark Lyons:

- City increased restrictions on outflow and we fell out of compliance. Built a connector to tie into the City; at the completion of project we owed \$667,000 (original assessments came in costing us \$810/lot. Assessment depends on whether or not you live on lake, as well as square footage of house.
- Capital Lakes tied in and that reduced our assessments ~ 704/lot
- Capital Lakes pays us yearly assessments from county for tie-in
- However, we were unable to meet our expenses, so taxes were raised to ~\$803/lot
- Rocket Properties tied in @ \$250,000 which went into our Bond fund
- At this time, we have ~500,000 in reserve Bond fund
- Will need to pay \$121,580 out pay assessment this year
- When bond debt paid off the City still maintains the sewer lines, but homeowners’ SID #239 tax goes away

What is our current bond/finances? Mark Lyons gave the following information:

- 1,101,287.00 Principal Balance
- \$522,097 in Reserve
- \$9,500 collected each year SVM in taxes
- \$6,500 collected each year from Capital Lakes

Is Mark Spradley SID #239’s Attorney?

Mark Spradley is Jim Philip’s law partner. Mark Lyons considers Mark Spradley to be attorney for the District even if he is a Commissioner for SID #148.

- Several members at large expressed their concern for Mark Spradley being SID #239’s attorney, as well as on the SID #148 Commissioner. Especially since #148 has missed several yearly assessments that were not caught by Spradley until recently by a member at large and NOT caught by our attorneys. The majority of members at large present expressed their concern and discomfort at Spradley being on record as SID #239’s attorney and felt it to be a conflict of interest. Attorney Jim Philips and Mark Lyons disagreed and said it would not change as they did not feel it a conflict of interest
- Attorney Jim Philips felt it was more SID #148’s fault for not telling us they were in default rather than our own attorney’s Philips and Spradley for not keeping up with this. Mark Lyons stated it was Pat Dillard’s responsibility to have kept up with this information and had probably missed it due to his illness.
- Jim Philips said he would inform the members at large as to why Spradley became a #148 Commissioner, as well as if this would continue.

AGENDA ITEM #4 Closing: With no further business needing to be discussed, meeting was adjourned at 8:35pm.

Respectfully Submitted,

Stacy Harter
Stacy Harter

SVM POA Board Secretary/Treasurer

Attachments:

1. Agenda
2. SID #7 Questions/Answers
3. SID #239 Questions/Answers
4. Meeting Sign-In Sheet
5. 2000 Agreement between SID #148 & SID #239
6. 2000 Amendment to Agreement between SID #148 & SID #239
7. 2000 Pledge and Mortgage SID #148 & SID #239
8. 2000 Sewer Line Extension Lien & Contract: SID #148 & SID #239
9. Mark Spradley appointed SID #239 Attorney
10. 2014 Mark Spradley Reappointed SID #148 Commissioner

Improvement District Informational Meeting Hosted by the SVM POA

Korean Disciples Church, 600 Kirby, Little Rock

A G E N D A

Thursday, March 29, 2018

6:30 p.m.

- | | |
|-------------------------------------|--|
| 1. Welcome | Jena McDonnell, SVMPOA President |
| 2. Suburban Improvement District #7 | B.J. Biggers, SID #7 Chairperson |
| 3. Sewer Improvement District #239 | Mark Lyons, SID #239 Chairperson
Jim Phillips, Esquire, Spradley & Phillips |
| 4. Closing Remarks | Jena McDonnell |

March 29th Special Meeting Questions - SID #7

#1 = Could the draining of the lake be after Christmas and New Year when so many have family and friends from out of state visiting? The valley is such a peaceful and beautiful place that we like to share with others. I know it should be drained in time for the rains to fill back up but surely a week or two wouldn't make any difference. Thank you for considering this.

SID#7 – We like to draw down the lakes to allow scheduled work on POA public areas and allow people who live on the lakes to do work around shoreline behind their homes. Based on scheduled project(s) and predicted weather each year, we can try to push the start of lowering of lakes to mid to late December.

#2 = I live on Manor Circle. The snake grass gets high and thick. When the snake grass is cut around the lake the young man cutting it always stops before the end of the lake and never gets behind the last few houses. I asked why he didn't continue down and cut all of it he replied, "My uncle told me to stop here." I don't know who pays for the upkeep around Lake 1. Is it SVM POA or an individual? I'll be glad to pay for the snake grass to be cut across the width of all our backyards. Our dog killed a copperhead last summer in our backyard. Our 4-year-old granddaughter and her friends play back there.

SID#7 – The lawn maintenance company, under contract with the SID, mows and cuts the POA public areas. Homeowners on lakes have maintained the mowing and cutting behind their homes. We can provide our Lawn Maintenance contact info. They do work for other homeowners in the valley.

#3 = Can you give us a "5-year" plan of all the improvements/work scheduled to be done to all the lakes?

SID#7 – We do not have a 5-year plan. See question #5 for more project details.

#4 = I love the idea of having someone from the valley being given the projects. But, do you get additional estimates to make sure the "price is right?"

SID#7 – The SID commissioners carefully consider the priority on what projects can be done with the limited funds available from SID#7 tax assessments property owners pay on an annual basis. On large projects we do try to get additional bids. But what constitutes a large project for SVM is not necessarily large for contractors, so can be difficult getting people to bid smaller jobs. We also take into consideration quality of work, reliability and if contractor and works are trust worthy. SID#7 has decided that for projects over \$10K, additional bids will try to be obtained.

#5 = When the SID #7 was created I seem to remember there being a list of improvements it was being created for. Can you give us the list and tell us which have been done? And if some are not going to be done, explain why.

SID#7 – In the State of Arkansas, the formation of a Suburban Improvement District requires a purpose(s) to be defined for the SID. The attached is the list of improvements, general projects and annual maintenance that is in the SID#7 petition. Items checked have been completed.

The tax assessment defined for each lot went into effect in 1988 and there has been no increase in 30 years. On an annual basis, SID#7 receives approximately \$19K in taxes and spends approximately \$18K for general maintenance. End of year bank balance was \$35,277. Maintaining the dam and

lakes takes a higher priority than improvements. We do try to take advantage of including improvements within required maintenance projects when feasible. We also set aside funds for emergencies.

SUBURBAN SEWER IMPROVEMENT DISTRICT # 239 OF PULASKI COUNTY

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c/o Mark Lyons
16420 Cooper Orbit Rd.
Little Rock, Arkansas 72210
M: (501) 912-4059

March 29, 2018

Re: POA questions March 1, 2018

- 1) *Response of SID #239 to questions*
- 2) & 3) *Selection of Commissioners*

Note that the attorneys for SID #239 are Mark Spradley and Jim Phillips as part of the law firm Spradley & Phillips PLLC, Attorneys at Law.

1 & 2. I am afraid I cannot address the accuracy of what you have been told with regards to questions to our attorney from property owners. I was not a part of that dialogue. I understand that both our attorney and assessor have had conversations with property owners.

However, with respect to rejection/endorsement of nominees for commissioner, as of this date, the district has neither endorsed nor rejected anyone that may want to serve as a commissioner. Before an endorsement is made, we will evaluate the qualifications of all applicants. Since there is still some uncertainty as to how a commissioner will be selected, anything at this time would be premature.

- 3) *City part in selection of Commissioners*

It is our interpretation that the selection of commissioners is governed by state statute. Previously, commissioners were elected at a hearing before the County Judge. This a statutory process and will be resolved before we proceed.

- 4) *City authority over SID #239 regarding system being turned over to the City*

Suburban Improvement Districts are governed by state statute, not County or City. SID #239 was not organized as a Municipal District. Note we are "Suburban Sewer Improvement No. District No. 239 of Pulaski County. The City took over maintenance but not the debt. As long as we have debt and expense, we are responsible for tie-ins to the line and allowed to collect connection fees. We were not required to dissolve the district and reform as a Municipal district in order for this to happen. I am not sure, but we may still own the lines since there is debt against the lines. The City indicated at the time, that they did not want to take ownership until the debt was resolved. We are looking into this further.

- 5) *It has come up that City Manager Bruce Moore appointed SID #239 attorney Mark Spradley as a commissioner for SID #148. Tom Carpenter has said this was a conflict of interest. Especially since Mark Spradley was negotiation the tie-in fee for the sewer. Explanation needed.*

Negotiations with District #148 were completed prior to Spradley's appointment. Unless we must reenter negotiations, we do not consider this a conflict of interest.

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6) *Tie-in fees and past payments.*

We have not accepted anything with respect to the future connections in the Pride Valley/Kanis Rd area. This is still under negotiation. Our vacancies on the District will need to be filled before this can be resolved.

Regarding tax payments by Spring Valley Manor Property owners, please note that much of this involved rebuilding our existing system in order to get the City to take over maintenance of our old lines. It also included the initial construction to tie us into the City. I am working on a history of our financial liabilities.

Of the current bond liabilities, approximately \$600,000 was for rehab of our old lines to bring them up to City standards.

7) *Professional fees for 2017*

Note that accounting fees included that for a two-year audit period. Assessor fees included consultation with our assessor, Alan King, with regards to the Graham-Smith tie-in. Also included for both the assessor and the attorney, was consultation regarding a piece of property developed by Rocket Properties. There is still a dispute regarding tie-ins on a piece a property that we think was not included in the original agreements.

Fees for 2017:

Legal	\$12,910
Accounting	5750
Assessor	3185
Trustee	500
Total	\$22,345 *

*Please note that this is an updated value from that shown on the annual SID #239 tax letter. The new percentage of eligible deductions should be 47% instead of the 44% listed

8) *Annual Taxpayer Transparency Report, Resignation of Mark Spradley and commission vacancies.*

Regarding resignation of Mark Spradley, I do not see where you get this information. Mark Spradley has not resigned as attorney for the district.

The Annual Taxpayer Transparency Report may not be current as of this date. Pat Dillard resigned January 2, 2018. Although he no longer lives in the Valley, his property has not sold. He could have still remained as a commissioner.

James Ford closed on the sale of his property in December of 2017. I received notice of his resignation on January 16, 2018. He had remained on the commission as long as he still owned the property. However, we were aware that we would need to fill his position as soon as possible.

9) *What authority / ordinance / regulation sets the process of approving commissioners, election of commissioners, job description of commissioners, selection of legal counsel, job description of legal counsel, etc*

Suburban improvement districts are governed by State Statute, not the county or the city. The district was originally organized under Act No. 41 of the 1941 General Assembly of the State of Arkansas. These statutes have been revised by state legislation.

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10) *Has legal counsel provided a financial accounting for the fees charged in 2017 and passed on to SVM?*

Yes. We receive invoices detailing the fees.

The County Assessor collects the Special Improvement Tax annually in addition to the individual's personal property tax. The Special Improvement Tax we pay includes both SID #7 and SID #239 payments.

11) *How is the sewer tie-in fee decided and how is it approved?*

We request recommendations from our assessor, Alan King, and previously, Bill Dean our engineer, Civil Design Inc. This is reviewed with our attorney and negotiated with the developer. It is up to the commissioners to accept or reject the agreement. His contact information:

**Alan C. King
Improvement Districts, Inc.
Improvement District Collections, LLC
One Innwood Circle, STE 101
Little Rock, AR 72211**

12) *What role do SVM neighbors play in the SID #239? (Besides the obvious of paying taxes.)*

Problems with the system have been brought to our attention at regular meetings and personal phone calls. Since the City now maintains the system, problems with operation are first referred to them.

13) *Date Mark Spradley resigned and date Jim Phillips began as legal counsel of the SID #239?*

Mark Spradley did not resign and is still considered legal counsel for the district as well as Jim Phillips.

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Additional questions posted:

14) #1 - What was our original debt when SID #239 was 1st created and when was SID #239 first created?

Original Debt Service 5/31/1978: \$109,000 with annual assessments of \$12,997

On January 7, 1977, a petition was filed in the county court of Pulaski County, Arkansas requesting formation of a sewer district in an area known as Spring Valley Manor. The petition was later amended on August 16, 1977. We were not in the city limits at that time. This was done under the authority of Act No. 41 of the General Assembly of the State of Arkansas.

The debt service at that time was approximately \$109,000 which included the project repair cost of \$63,401. This was for repair of old lines and for maintenance of the sewer lagoon. We were not tied into the City, but were responsible for maintaining a sewer treatment facility. This included repairing main line breaks and clogs, twice weekly measurements of flow, testing of the flow by an independent lab, and maintaining the levies around the lagoon.

Our treatment system fell out of compliance with the Department of Pollution Control and Ecology. We were required to upgrade the system or tie into the City or face severe penalties. After considering alternatives, it was agreed by the commissioners that the long-term solution was to tie into the City. Therefore, the commissioners decided to proceed with the second phase of the construction project to tie us into the City. This was completed in December, 1995 at a cost of \$673,081. After other expenses, total improvements as of December 31, 1997 totaled \$779,644. The project was funded through an Arkansas Soil and Water Conservation Commission in the amount of \$667,000 in March of 1994.

15) #2 - Who all has "attached" themselves to our system and how much did each one pay us to do so?

Brodie Creek Development (Elgore/Wilson) with original project: ~1991: \$250,000

***Capital Lakes ~ 2000 (currently at \$65,604 annually) 41% of assessment**

(This is equivalent to \$845,639 of the total principal of \$2,065,051 liability in 2001)

Rocket Properties 4/25/2008 \$250,000

***Note:** The original contract principal amount of SID #148 was paid down to the current amount as individual lots sold. SID #239 cannot require tax assessments outside our original boundaries. However, #148 was reorganized so that the property owners now pay annual tax assessments to the county in a similar manor as our district. The County then sends funds to #148 who then pays SID #239.

16) #3 - Why exactly did we join in with Capital Lakes (District #148) and how much was their debt at that time?

Refer to #2 above.

Forming a consolidated district with Capital Lakes was originally considered. However, a workable agreement could not be reached. It was understood that we could not make tax assessments outside the boundaries of the original district. Therefore, it was decided by the commissioners that, in order for us to collect future tie-in fees, it was necessary for us to own the

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line. This required extension of the main line to serve Capital Lakes. A contract agreement was reached with an annual assessment based on the portion of the line they will ultimately occupy.

It was agreed that #148 would assume 41% of assessments or equivalent to approximately \$846,000.

Spring Valley Sewer System Rehab: Construction Cost added \$529,000 plus engineering and fees. At the that time, we were still maintaining our old system. In order to bring our old system up to City standards, we were required to implement a job to refurbish our old lines and correct discrepancies in the sewer line utility easements. After completion of both portions of the project and with assessments to be received from Capital Lakes, we were able to reduce our general assessments. Also, once all testing was completed and easements filed, the City agreed to take over maintenance of the system.

17) #4 – Delinquent payments by District #148 over past two years.

Regarding delinquencies on payments from #148, this was not missed. However, there was still delay in receiving their payment.

SID #148 annual assessment: \$65,604.;

Example Previous Amount paid January 2016 including penalties: \$69,269

Although #148 has paid the past two years, the penalties for the delinquency in 2016 & 2017 are still outstanding.

Regarding past delinquencies prior to that, these records go back to 2001. Additional research would be required.

18) #5 – Our obligation to pay bonds when other agents are delinquent

The debt service is associated with our district SID #239. SID #148 is under contract with us to pay their portion. We receive payments from the County for our tax assessments and a separate payment from SID #148. However, the payment of the bonds is our responsibility. My understanding is that as a worst case, if SID #148 could not collect their assessments, then we could file action similar to a foreclosure. It is possible that we would then take over assessments against their property owners. This is not something we would want to go to court on as long as there are other alternatives. We maintain a reserve in the Bond fund to insure that the payment for the bonds is made on time and no penalties are assessed to SID #239. Excess funds from assessments and penalties are sent to the Bond Fund to be available for early pay down.

19) #6 - When exactly is our debt going to be paid off? And what is the exact total we owe to date?

Current debt service estimates:

Equivalent principal paid by #239 to date	\$611,467
For typical lot of \$802 annual, equivalent principal	\$5182
Principal balance prior to payment 6/1/2018	\$1,108,645.
Percent SID #239	<u>x 59%</u>
SID #239 obligation	\$654,100

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The debt has reorganized in 1995, 2001, 2005, 2008 and 2016 to account for tie-in fees and changes in interest rates.

The projects final payout is scheduled to end in 2028. However, this does not take into account excess funds we have accumulated in the Reserve and Bond funds. We are currently looking into how we can utilize these funds to reduce the burden on SID #239 property owners.

Note that once our debt service is paid out, we may no longer be able to collect tie-in fees.

20) #6 - Amount Accessed Annually for SID#7 - On Lake \$ _____ Not On Lake \$ _____?

This does not apply to SID #239

21) Amount Accessed Annually for SID#239 -

Currently:

Total Bond Payments: \$121,580; Interest (2017): \$52,976; Principal: \$68,604;

Total Assessments: \$ 160,244; SID #239: \$94,640; SID #148: \$65,604

23) What are the responsibilities of a 239 commissioner?

- 1) Keeping up with yearly taxes collected?
- 2) Make sure check payment made?
- 3) Submit annual transparency tax report?
- 4) Annual SVM report?
- 5) Attend any called City meetings pertaining to 239 (are these as needed? One a year or less?)
- 6) Meeting with attorney as needed?



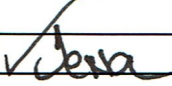
This is an over simplification. Our primary responsibility is for lines, managing tie-ins, debt service and anything related to this. Once the debt service is liquidated, the district may be dissolved.

The above is considered public information. There are no restrictions on who you share this with, but only that the complete document be included.

Presented by:

Mark Lyons
Chairman SID #239
(501) 912-4059

	Street Name	#	Homeowner	Renter	2018 Pay Date	Signature
1	Cooper Orbit	16113	Gomez			
2	Cooper Orbit	16114	Willis			
3	Cooper Orbit	16115	Waldo		12/4/17	
4	Cooper Orbit	16200	Smith			
5	Cooper Orbit	16201	Millie Snipes			
6	Cooper Orbit	16210	Honea/Shelton			
7	Cooper Orbit	16211	Kendall			
8	Cooper Orbit	16220	Trilling			
9	Cooper Orbit	16221	Biggers		3/3/18	Brian & BJ Biggers
10	Cooper Orbit	16300	Sirak/Cole			
11	Cooper Orbit	16303	Miller Joyce			
12	Cooper Orbit	16420	Lyons x2			Paul & Kelly Lyons
13	Cooper Orbit	16701	Miller			
14	Echo Point	1	Fisher/Watkins		2/26/18	C. Watson
15	Echo Point	3	Harville		3/1/18	
16	Echo Point	4	Haslauer			
17	Echo Point	5	Kramers			
18	Echo Point	6	Jones			
19	Echo Point	8	Huels			
20	Echo Point	9	Rivera			
21	Echo Point	10	Burnside		3/8/18	
22	Echo Point	11	Gordon			
23	Echo Point	12	Andersen		2/22/18	Kandace
24	Echo Point	13	Prud'homme		3/15/18	
25	Echo Point	14	Ray			
26	Echo Point	15	Pipkin		2/1/18	
27	Echo Point	16	Sellers			
28	Gorgeous View	14710	Suski			
29	Gorgeous View	14714	Rail		2/26/18	Dianne B. Rail
30	Gorgeous View	14722	Felszeghy			
31	Gorgeous View	14800	Long			
32	Gorgeous View	14808	Tate		3/1/18	
33	Gorgeous View	14809	Lawrence		3/1/18	
34	Gorgeous View	14810	Lukacs		2/15/18	
35	Gorgeous View	14812	Munson		1/29/18	
36	Gorgeous View	14818	Nichols		3/15/18	
37	Gorgeous View	14821	Moffett		3/11/18	
38	Gorgeous View	14824	Harper			
39	Gorgeous View	14900	Hinkelman		1/23/18	
40	Gorgeous View	14910	Kasel		2/27/18	
41	Gorgeous View	14911	Porter		3/12/18	
42	Gorgeous View	14918	Brandt		3/1/18	JB
43	Gorgeous View	14921	Kinley			
44	Gorgeous View	14922	Harter		12/6/17	Scott & Stacy Harter

45	Gorgeous View	15000	Tripcony			
	Street Name	#	Homeowner	Renter	2018 Pay Date	Signature
46	Gorgeous View	15012	Coleman			
47	Gorgeous View	15015	Moore			
48	Gorgeous View	15017	Johnson		2/28/18	
49	Gorgeous View	15024	Swindoll/Owings			
50	Gorgeous View	15025	Pranter		1/28/18	
51	Gorgeous View	15100	Lamberson			
52	Gorgeous View	15116	Ford			
53	Gorgeous View	15119	Trusty			
54	Gorgeous View	15120	Davis		2/1/18	
55	Manor Circle	1	Clements			
56	Manor Circle	3	Upshaw, H & C		2/1/18	
57	Manor Circle	4	Adams/Starr			
58	Manor Circle	5				
59	Manor Circle	6	Kemp		12/21/17	
60	Manor Circle	7	Truemper			
61	Manor Circle	8	Tvedten			
62	Manor Circle	9	Teague			
63	Manor Circle	10	Montgomery			
64	Manor Circle	11	Upshaw, T			
65	Manor Drive	1	Honea			
66	Manor Drive	2	Belanger			
67	Secluded Point	3	Williams			
68	Secluded Point	4	Lowry, Jamie			
69	Secluded Point	5	Watson			
70	Secluded Point	6	Ward			
71	Secluded Point	8	Weinstein		1/29/18	
72	Secluded Circle	9	Williamson			
73	Secluded Circle	12	Cross			
74	Secluded Circle	101	Renard			
75	Secluded Circle	102	Hose			
76	Secluded Circle	103	Evans			
77	Secluded Circle	105	Senft (owner)	Jackson (renter)		
78	Secluded Circle	106	McNulty			
79	Secluded Circle	107	Lundy			
80	Secluded Circle	109	Wilson			
81	Secluded Circle	110	Roberson			
82	Secluded Circle	114	McDonnell		12/21/17	
83	Secluded Circle	115	Lowry, Johnie			
84	Secluded Circle	116	McTigrit			
85	Spring Point Cir	3	Owings			
86	Spring Point Cir	4	Arnold			
87	Spring Point Cir	6	Baker		2/1/18	
88	Vista	1	Daunhauer			

89	Vista	2	Walker		2/25/18	
90	Vista	4	Sims			
	Street Name	#	Homeowner	Renter	2018 Pay Date	Signature
91	Vista	5	Carson			
92	Vista	6	Asbury			
93	Vista	7	Bates		2/26/18	
94	Vista	8	Gorter		2/1/18	
95	Vista	9	Leech			
96	Vista	10	Bridger			
97	Vista	11	Dillaha		12/29/17	
98	Vista	12	Elkins PD		3.18	✓
99	Vista	13	Rail		2/25/18	
100	Vista	14	Willett		2/16/17	
101	Vista	15	Spence		3/1/18	Amata J. J. J.
102	Vista	16	Sanderson		2/1/18	
103	Vista	17	Mages/Malton			
104	Vista	19	Brown			
105	Vista	20	Cox/McDaniel			
106	Vista	21	Wilson		2/25/18	
107	Vista	22	Corey Mills			
108	Vista	23	Pembleton			
109	Vista	25	O'Dell Gilbert	Murrell (renter)		
110	Vista	27	Jeffrey Fehlberg			
111	Vista	28	Richardson		1/28/18	
112	Vista	29	Hicks		2/2/18	
113	Vista	31	Dillard			
114	Vista	33	Jenkins			
115	Vista	34	Phillips			
116	Vista	35	Whitbeck		2/28/18	
117	Vista	37	Alberding		12/18/17	
118	Vista	52	Edwards			
119	Vista (vacant lot)	55	Brunson			

AGREEMENT

This Agreement is entered into this date by Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas, ("District 239") by its Board of Commissioners and Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, ("District 148") by its Board of Improvement.

Whereas, District 239 was established by order of the Pulaski County Court, signed February 2, 1977, as a Pulaski County suburban improvement district pursuant to Arkansas Acts 1941, No. 41 of the Acts of the General Assembly of the State of Arkansas, as amended [presently codified as Ark. Code Ann. §14-92-101 et seq.] for the primary purpose of constructing a sanitary sewer system for the lands within District 239. The area of District 239 is highlighted in yellow on the map attached hereto and incorporated herein as Exhibit "A." Its boundaries essentially incorporate the area known and platted as Spring Valley Manor which area, originally a county subdivision, was annexed to the City of Little Rock by Pulaski County Order Number 93-142 dated April 6, 1993, and accepted by the City of Little Rock by Ordinance Number 16,434 dated June 1, 1993.

District 148 was established by Little Rock Ordinance Number 17,675 dated February 17, 1998, as a Little Rock municipal property owners' improvement district pursuant to Arkansas Acts 1987, No. 113 of the Acts of the General Assembly of the State of Arkansas, as amended [codified as Ark Code Ann. §14-94-101 et seq.] for a primary purpose of constructing a sanitary sewer collector system to serve the lands within District 148. The area of District 148 is highlighted in blue on Exhibit "A" hereto. Its boundaries essentially incorporate the area generally referred to as the Capitol Lakes Estates, which area was annexed to the City of Little Rock by Pulaski County Order dated March 8, 1996,

and accepted by the City of Little Rock by Ordinance Number 17,314 dated November 7, 1996.

Whereas, historically, District 239, upon formation, constructed a sanitary sewer collection and treatment system in and for the Spring Valley Manor subdivision by constructing collector lines within the subdivision to gravity flow the subdivision's residential wastewater to its treatment plant. All aspects of the system were of good quality planning, materials and construction - all well suited for their intended purposes. The cost of the system was paid from the proceeds of a bond indebtedness by District 239. The repayment of the bond debt was borne by District 239's property owners through improvement district assessments upon their lands within District 239's boundaries. The original bond indebtedness was paid in full March 31, 1994. Because District 239 is a suburban improvement district whose facilities were not connected to the Little Rock sewer system, neither its collector lines nor the treatment plant were accepted by the City of Little Rock for ownership, operation, maintenance, repair or replacement.

Over the years, District 239's treatment plant became outdated and not efficient enough for current demand. As a result, District 239, in early 1994, undertook the construction of a primary sewer collector line from its boundary to the Little Rock collector line on Bowman Road. The line, shown in orange on Exhibit "A", was constructed, the original treatment plant abandoned and the new line connected District 239's internal sewer collector lines to Little Rock's collector line. As a part of that project, the area of the District was annexed to the City of Little Rock and District 239 borrowed \$667,000 from the Arkansas Soil and Water Conservation Commission to construct the line and pay the costs related thereto. That loan is again being repaid by District 239's property owners through improvement district assessments and there is, as of April 3,

2000, an outstanding principal balance on that debt of \$629,532.00, the payments of which are current in all respects and which is scheduled to be paid in due course by March 31, 2024.

For the reasons hereinafter stated, District 239 now desires to execute a sewer line extension contract with District 148 that will enable District 239 to accomplish the goal of constructing a primary sanitary sewer collector line along the route highlighted in green as shown on Exhibit "A" hereto. Another goal of District 239 will be to upgrade, by repair and replacement, its internal sewer collector lines sufficient in capacity, quality and condition such that the lines will be accepted by the City of Little Rock for operation, maintenance and replacement and for the City to accept an assignment of all right-of-way easements within District 239 necessary and required by the City to wholly take ownership and responsibility for those lines, thus freeing District 239 from the responsibility of maintaining, repairing and replacing District 239's internal collector lines and otherwise relieving District 239 from the responsibilities incumbent upon such ownership. A purpose for participation by District 239 in this agreement is that the owners of lands within District 239 shall not be subjected to assessments after the repair and replacement of its internal sewer collector lines that would be larger than the assessments now being levied by District 239 and, in the long run, calculated to be less expensive than District 239's present debt.

District 148 was formed for the specific purposes of providing an improvement district entity through or by which the owners of the lands in District 148 could or would contract with District 239 for District 239 to construct the primary sewer collector line along the route highlighted in green on Exhibit "A" hereto, at a cost that would result in

assessments to the owners of the lands within District 148 that District 148 deemed acceptable.

As a result of considerable study, the party districts hereto have determined that their respective goals are proper and obtainable and accordingly, for the considerations above stated and for other good and valid consideration from each to the other, the Districts herein hereby agree to the terms, covenants and conditions contained herein.

While primary objectives are for District 239 to cause the construction of the primary sewer collector line as highlighted in green on Exhibit "A" and to repair and replace the internal collector lines in District 239 sufficient for the City of Little Rock to accept ownership and responsibility for those lines, and, for District 148 to execute a separate sewer line extension contract with District 239, a copy of which is attached hereto, the parties hereto further agree as follows:

1. Sewer Line Extension Contract. District 239 will execute a separate Sewer Line Extension Contract and Lien with District 148 as attached hereto as Exhibit "B."

2. Purpose. The purposes of this Agreement and the Sewer Line Extension Contract and Lien identified above as Exhibit "B" is for District 239 to cause the construction of the primary sewer collector line through District 148 along the course highlighted on Exhibit "A" hereto pursuant to the terms, conditions and standards and for the considerations provided in the Sewer Line Extension Contract and Lien, with the acceptance of the newly constructed sanitary sewer collector line by the City of Little Rock, by its Little Rock Wastewater Utility ("LRWU"), for operation, maintenance and replacement one year after completion of construction and for the eventual ownership of such lines by LRWU.

3. Costs. The cost of construction of the proposed sanitary sewer collector line shown in green on Exhibit "A" shall be paid by District 239. It is anticipated that the basic cost of the project will be \$2,315,095.00, consisting of \$1,026,222.00 for the construction cost, \$629,532.00 to retire the existing principal indebtedness of District 239, \$356,000.00 for the engineering, legal and assessing costs, \$198,583.00 for the financing, reserve replacement and related costs and \$104,758.00 for refund reserve for District 239, with the understanding that such project cost is only an estimate for planning purposes and that it will differ from the final preconstruction calculations of the project; and it is further understood that final project costs through construction of the above identified improvements will vary from the final preconstruction calculations. As a part of the above costs, District 239 shall pay from the proceeds of the project financing encumbrance the reasonable attorneys' fees incurred by District 148 for the organization of District 148 and District 148's efforts related to this agreement, the Assessor's incurred by District 148 related to this agreement, and the costs incurred by District 148 in conjunction with its initial entry of an Order of Levy related to this agreement.

The first Order of Levy against the lands in the District 239 shall provide that the first year that there shall be a tax charged against such lands shall be the year 2001. Such tax shall hereinafter be referred to as "Annual Assessment" and Annual Assessment shall mean the Annual Charge as listed in the most current assessment of benefits filed by a District with the County Clerk of Pulaski County (for Districts 239) or the Clerk of the City of Little Rock (for District 148).

4. Financing. District 239 will borrow funds with which to meet the goals established herein through traditional improvement district financing such as the issuance of bonds, loans, governmental or quasi-governmental grants, combinations thereof or from

such other sources and by such other methods as are lawful and in the best interest of District 239. Any such financing or borrowing is referred to herein as the "project financing encumbrance." Provided, however, it is presently anticipated that such funds will be borrowed from the Arkansas Soil and Water Conservation Commission on such terms as the commissioners of District 239 deem appropriate. Rather than prepaying or paying down the project financing encumbrance with all its present cash or liquid assets, District 239 shall retain \$104,758.00 in its Administrative Fund for eventual distribution to the owners of land in District 239 at such time as the commissioners of District 239 shall determine and \$44,253.00 from the project financing encumbrance shall be used by District 239 to maintain District 239's present sewer infrastructure and all normal and administrative costs related thereto until such times as the infrastructure is repaired and replaced and accepted for operation, maintenance and replacement by the LRWU. Any of the \$44,253.00 remaining after the acceptance by LRWU of the infrastructure shall be added to District 239's Administrative Fund for distribution to District 239's property owners as opposed to repayment of the project financing encumbrance. Once the Development Loan, as defined herein, is satisfied in full, and after the Administrative Fund has been distributed to District 239's property owners, then District 239 shall pay a Proportional amount of any funds held by District 239 or collected for due or past due charges to the Districts.

District 239's obligation to perform this Agreement is contingent upon District 239 borrowing the funds identified above as project financing encumbrance with which to construct the identified sewer collector line and complete the infrastructure repairs and replacement and the easement work related thereto. District 239 shall not be obligated to complete the project financing encumbrance loan unless it determines, at its discretion: (i)

that the terms thereof are satisfactory for District 239 and including as a part of those terms, but not limited to, the right to have the annual payment schedule recalculated with a revised amortization schedule (based on the outstanding principal balance of the project financing encumbrance as reduced by prepayments) for the years following significant, material principal prepayments to the project financing encumbrance; and (ii) selection of the date the annual principal and interest payments are due each year of the project financing encumbrance. District 148's obligations to perform this Agreement are more fully set forth in that certain Sewer Line Extension Contract and Lien between District 148 and District 239, of even date herewith, a copy of which is attached hereto as Exhibit "B."

5. Assessment Lien Release. The Board of Commissioners of District 239 agree to the release from the lien of the Sewer Line Extension Contract and Lien with District 148 the assessment and tax on any lot, block or tract with respect to which the assessment and tax shall have been paid or prepaid as provided in the Sewer Line Extension Contract and Lien attached hereto as Exhibit "B."

For purposes of this Agreement and the Sewer Line Extension Contract and Lien between District 148 and District 239, "Development Loan" shall be any loan by District 239 to build the Sewer Line, including, but not limited to, the project financing encumbrance, and any loan obtained to refinance same.

The Districts intend that the payment of the Development Loan shall be and remain a Proportional burden for both of the Districts based on the total Annual Assessments in each District. For purposes of this Agreement and the Sewer Line Extension Contract and Lien between District 148 and District 239, "Proportional" shall be that percentage determined in the following manner:

- (a) first, determine the amount of the total Annual Assessment due from District 148 by adding the Annual Assessments that were due from all lots, blocks, and tracts within District 148 which were subject to the Annual Assessment as of the interest payment date for the Development Loan immediately preceding the date of the calculation of the Proportional burden ("District 148 Annual Assessment");
- (b) second, determine the amount of the total Annual Assessments due from District 148 and District 239 by adding the Annual Assessments that were due from all lots, blocks, and tracts within each of the Districts which were subject to the Annual Assessment as of the interest payment date for the Development Loan immediately preceding the date of the calculation of the Proportional burden ("Total Annual Assessment"); and
- (c) third, and finally, divide the District 148 Annual Assessment by the Total Annual Assessment. The resulting percentage shall be District 148's Proportional burden. The proportional burden for District 239 and shall be similarly determined.

The amount of the outstanding debt of each District shall at all times equal its Proportional burden of the Development Loan. In the event that the Development Loan is satisfied in full, then the obligation of each District to pay the Annual Assessments not yet due or past due shall cease. District 239 shall promptly take all reasonable steps to collect all Total Annual Assessments, penalties and interest due from each District. District 239 shall apply the proceeds from its Annual Assessments, less necessary, traditional and routine expenses and administrative costs, only to pay the Development Loan and for no other purpose without the consent of District 148. District 239 shall apply the proceeds from the Annual Assessments received from District 148 and any Lot Release Prices only to pay the Development Loan and for no other purpose without the consent of District 148.

The Lot Release Prices for District 148 shall be calculated according to the formula set forth in the Sewer Line Extension Contract and Lien. In order to calculate that formula, District 239 shall furnish to District 148, upon written request, the Annual Assessments for all lots, blocks, and tracts in both Districts as of the interest payment date for the Development Loan immediately preceding the date of the calculation of a Lot Release Price.

6. Tie-On Contracts. Tie-on fees that may be charged to and paid by property owners outside the boundaries of the two Districts hereto for the privilege of connecting their property to any sewer line constructed by or located within the two Districts shall be collected by District 239 and used as a prepayment to the outstanding balance of District 239's project financing encumbrance or may be used to proportionately roll-down or reduce the payments to be paid by District 239 on the project financing encumbrance and by District 148 under its Sewer Line Extension Contract and Lien as may be possible, or a combination of prepayment and lowering of payments, as the commissioners of District 239 may determine. In the event that there is a reduction in the payments due on the Development Loan and District 239 decides to roll-down the annual assessments, District 239 shall allocate the roll down proportionally among the Districts.

7. Elgor, Inc. The parties acknowledge that an important aspect of this Agreement is that the primary sewer collector line highlighted in green on Exhibit "A" hereto to be constructed by District 239 will run through lands owned by Elgor, Inc. In exchange for constructing the lines through such property, District 239 shall allow Elgor, Inc. to tie-on to the line upon payment of \$250,000.00, the execution of a sewer line extension contract prepared by District 239 and the conveyance to District 239 of the right-

of-way easements in which District 239 will cause the construction of the primary sewer collector line through the such property as shown on Exhibit "A" hereto.

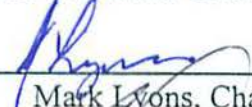
The sewer line extension contract with Elgor, Inc. contains terms more specifically stating the rights and responsibilities of Elgor, Inc. and District 239 including among them the grant and right for those residential tracts located near the route of the primary sewer collector line and formerly part of the Elgor, Inc. property and legally described in the sewer line extension contract with Elgor, Inc. to connect to any sewer line constructed by District 239 without payment of a tie-on fee to District 239 - such right being granted as part of the consideration of the \$250,000.00 sewer line extension fee proposed to be paid by Elgor, Inc. and as further provided in the sewer line extension contract executed between District 239 and Elgor, Inc.

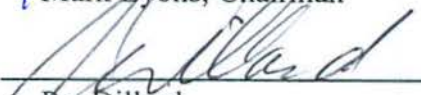
8. Duration. District 239 shall not cease to exist upon the construction or acquisition of the planned improvements but shall continue to exist for the purposes of operating, maintaining and preserving the improvements, replacing equipment, paying salaries and costs, performing or satisfying its obligations and performing any other services authorized by law or as committed to the LRWU. Provided, however, it is intended that the commissioners of District 239 shall negotiate with the City of Little Rock or other municipality to convey the system to such municipality, if and when the best interest of District 239's landowners will be benefited thereby and shall use its best efforts to obtain the agreement of the city of Little Rock to accept sole responsibility for maintenance of the portions of the sanitary sewer collector system servicing District 148. The Sewer Line Extension Contract between District 239 and Elgor, Inc. 239 shall not be amended or modified without the prior written consent of District 148.

9. Capitalized Terms. Any capitalized term used in this agreement shall have the meaning as defined in this agreement. If a capitalized term is not defined in this agreement, it shall have the meaning as defined in the Sewer Line Extension Contract and Lien.

IN WITNESS WHEREOF, the undersigned hereunto represent that their subscription hereto is duly authorized as commissioners of the Board of Commissioners of the respective parties and that they subscribe their names on this 5th day of May, 2000.

Suburban Sewer Improvement District
No. 239 of Pulaski County, Arkansas

By: 
Mark Lyons, Chairman


Pat Dillard

Capitol Lakes Estates Municipal Property
Owners' Improvement District No. 148 of
Little Rock, Arkansas

By: _____
David Paes, Chairman

Ann Aldridge, Secretary

Mary Peyton

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and the same kind of...

and the same kind of...

and the same kind of...

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9. Capitalized Terms. Any capitalized term used in this agreement shall have the meaning as defined in this agreement. If a capitalized term is not defined in this agreement, it shall have the meaning as defined in the Sewer Line Extension Contract and Lien.

IN WITNESS WHEREOF, the undersigned hereunto represent that their subscription hereto is duly authorized as commissioners of the Board of Commissioners of the respective parties and that they subscribe their names on this 5th day of May, 2000.

Suburban Sewer Improvement District
No. 239 of Pulaski County, Arkansas

By: _____
Mark Lyons, Chairman

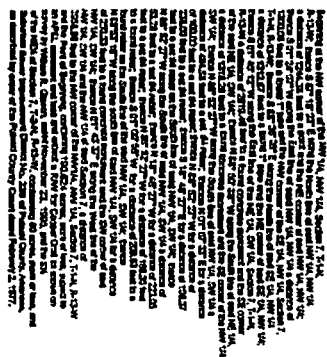
Pat Dillard

Capitol Lakes Estates Municipal Property
Owners' Improvement District No. 148 of
Little Rock, Arkansas

By: David Paes
David Paes, Chairman

Ann Aldridge
Ann Aldridge, Secretary

Mary Peyton
Mary Peyton





SEWER LINE EXTENSION CONTRACT AND LIEN

THIS CONTRACT AND LIEN is executed between Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas by its board of commissioners (hereinafter called "District 239") and Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas by its board of commissioners, (hereinafter called "District 148"),

W I T N E S S E T H:

1. District 148 represents and warrants to District 239 that the boundaries of District 148 encompass the real property in Pulaski County, Arkansas described in Exhibit "A" attached hereto and made a part hereof (hereinafter called the "Property").

2. District 239 represents and warrants to District 148 that the Property is located outside the boundaries of District 239.

3. In consideration of the foregoing and following representations and warranties, and in consideration of the payment by District 148 to District 239 of the annual charges in the amount and at the times hereinafter established, District 239 agrees to furnish all labor and materials necessary to install and shall install a sanitary sewer collector line along the route highlighted in green shown on the drawing attached hereto as Exhibit "B" to which District 148 shall have the right to connect as hereinafter provided (hereinafter called the "Sewer Line"). The size, location and construction of the Sewer Line shall be as provided in Exhibit "B" and in accordance with the 1986 Standard Specification Requirements for Sanitary Sewers adopted by the Little Rock Wastewater Utility (the "Utility") and all amendments thereto.

4. Notwithstanding anything herein to the contrary, District 239 shall not be obligated to build the Sewer line shown on Exhibit "B" hereof unless and until it closes its Development Loan described in the parties Agreement executed simultaneously herewith. The obligation for District 148 to make payments to District 239 is expressly conditioned upon District 239 removing the condition set forth in this Section 4 and

District 239 executing an unconditional covenant that District 239 shall construct the Sewer Line and District 239 closing the Development Loan in the amount of not less than \$2,315,095.00 and District 239 executing the Sewer Line Extension Contract with Elgor, Inc. as provided in Paragraph 7 of the Agreement.

5. District 148 understands and agrees that upon the execution of this contract by both parties, District 148 will be obligated to pay District 239 an Annual Assessment in the amount of \$63,205.00; that the Annual Assessment will be due beginning October 10, 2001; and, that District 148 agrees to pay the Annual Assessment. "Annual Assessment" shall mean the Annual Charge as listed in the most current assessment of benefits filed by a District with the County Clerk of Pulaski County (for Districts 239 or the Clerk of the City of Little Rock (for District 148)). The parties further agree that the \$63,205.00 is a fixed amount determined by the parties that will not increase and that it will be payable for as many years as District 239's project financing debt to the Arkansas Soil and Water Conservation Commission through which it will borrow the funds to construct the Sewer Line shown on Exhibit "B" remains in existence, not to exceed thirty (30) years of payments by District 148. The debt of District 148 to District 239 hereunder shall be evidenced, made and secured by a bond issued by District 148 that qualifies the debt as a bond indebtedness of District 148 under Ark. Code Ann. Sect 14-94-123 through 125.

The payments by District 148 in this Paragraph 5, and the estimated costs set forth in Paragraph 4, were derived based on the participation of a third improvement district, District 253, in this project. District 253 would have paid an Annual Assessment of approximately \$4,500.00 towards the estimated costs of this project ("District 253 Annual Assessment"). District 253 is no longer a part of this project. To the extent that the exclusion of the District 253 Annual Assessment from this project necessitates an increase in either the estimated costs or the Annual Assessment of either District 148 or

District 239, those increases shall be borne proportionally between District 148 and District 239.

6. This agreement also constitutes approval of the District 148 Board of Commissioners for the Pulaski County Clerk to release from the lien for the assessment and tax any lot, block, or tract located in the Property with respect to which all of the assessments shall have been paid or prepaid. In that regard, the following procedure shall be utilized to determine the price which must be paid by District 148 or a third party (along with all delinquent special taxes owing and unpaid, late payment fees, and other fees, unless waived by the District) in order to pay all assessments associated with such lot, block, or tract and release it from the lien of District 148's assessment and any lien from the Development Loan ("Lot Release Price"):

The following procedure shall be used to calculate the "Lot Release Price":

- (a) first, District 148's Development Loan Allocation Percentage shall be determined by:
 - (i) first, determine the amount of the total Annual Assessment due from District 148 by adding the Annual Assessments that were due from all lots, blocks, and tracts within District 148 which were subject to the Annual Assessment as of the interest payment date for the Development Loan immediately preceding the date of the calculation of the Lot Release Price ("District 148 Annual Assessment");
 - (ii) second, determine the amount of the total Annual Assessments due from District 148 and District 239 by adding the Annual Assessments that were due from all lots, blocks, and tracts within both of the Districts which were subject to the Annual Assessment as of the interest payment date for the Development Loan immediately preceding the

date of the calculation of the Lot Release Price ("Total Annual Assessment"); and

(iii) third, and finally, divide the District 148 Annual Assessment by the Total Annual Assessment (the "Development Loan Allocation Percentage").

- b) second, the Development Loan Allocation Percentage shall then be multiplied by the outstanding principal balance of the Development Loan as of the interest payment date for the Development Loan immediately preceding the date of the calculation of the Lot Release Price (the "Development Loan Allocated Principal");
- c) third, the Development Loan Allocation Percentage shall then be multiplied by the accrued interest outstanding under the Development Loan as of the interest payment date for the Development Loan immediately preceding the date of the calculation of the Lot Release Price (the "Development Loan Allocated Interest");
- d) fourth, the Development Loan Allocated Principal and Development Loan Allocated Interest shall be added together (the "Development Loan Allocated Principal and Interest");
- e) fifth, the lot, block, or tract's pro-rated share of the principal outstanding under the bonds issued by District 148 shall be determined by dividing the Annual Assessment for the lot, block, or tract in District 148 being released by the total of the Annual Assessment that were due for all lots, blocks, or tracts within District 148 which were subject to the Annual Assessment as of the interest payment date for the Development Loan immediately

preceding the date of the calculation of the Lot Release Price (the "District Allocation Percentage"); and

- f) sixth, and finally, the District Allocation Percentage shall then be multiplied by the Development Loan Allocated Principal and Interest to arrive at the Lot Release Price.

Upon receipt of the Lot Release Price, District 148 shall pay the same to District 239. Upon receipt of the Lot Release Price, District 239 shall issue its authenticated certificate and release to the owner of the lot, block, or tract released and District 148. District 239's certificate shall state that the specific lot, block, or tract is released in full from the obligations and encumbrances set forth in the Agreement, the Sewer Line Extension Contract and Lien, and any Pledge and Mortgage, or similar instrument, delivered by District 148 to District 239, and that all past, present and future obligations to District 239 associated with that lot, block, or tract have been satisfied in full. Upon the payment of the Lot Release Price, District 148 shall issue its authenticated certificate and release to the owner of the lot, block, or tract released. District 148's certificate shall state that the specific lot, block, or tract is released in full from the obligations and encumbrances set forth in any Pledge and Mortgage, or similar instrument, delivered by District 148 to District 239, and that all past, present and future Annual Assessments associated with that lot, block, or tract have been paid in full. District 148 shall deliver a copy of District 148's certificate to the Pulaski County Tax Collector who shall immediately remove said lot from the District 148's special assessment on it taxation books and cease charging the special tax on that lot, block, or tract.

7. Neither party shall be obligated hereunder unless and until District 239 actually engages in closing its project financing with the Arkansas Soil and Water Conservation Commission ("ASWCC") or other lender whereby District 239 can begin making payment for the construction of the Sewer Line. Provided also, District 239 is not obligated to construct the Sewer Line unless and until District 239 actually closes its

project financing with the ASWCC on the terms presently arranged or with the ASWCC or other lender on terms otherwise acceptable to District 239 and District 239 shall use its best efforts to close such funding as promptly as possible.

8. Ownership of the Sewer Line installed hereunder shall remain vested in District 239, its assigns, or the City of Little Rock as applicable, and District 148 shall have the right to connect any sanitary sewer collector lines built within the Property to the Sewer Line (or any sewer lines previously constructed by District 239) at any points of connection approved by the Utility. The right to make such connections is continuous and subject to satisfaction of all applicable requirements of all governmental authorities and agencies thereof. All responsibility for and costs and fees connected with the physical connection to such lines by District 148 shall be borne by District 148.

9. In addition to the payments described in paragraph 5 above District 148 agrees to convey to District 239 at no charge to District 239 the permanent and temporary sanitary sewer right of way easements necessary to construct the Sewer Line through the Property specifically along the permanent easement route shown and highlighted on Exhibit "B." District 148 shall be given ample time to review and comment on the final plans and specifications for the construction of the Sewer Line over the Property prior to construction. The easement shall be as required by the Utility for the construction and maintenance of the Sewer Line and the permanent easement shall be 15 feet wide and the temporary construction easement shall be 20 feet wide.

10. District 148 acknowledges and agrees that any "tie-on" or "connection fees" that may be or are charged any third-party properties or property owners as a result of connecting any sewer lines lying outside the boundaries of the Property to any sewer lines built by District 148 or its assigns that flow or will flow through the Sewer Line constructed by District 239 will be chargeable and collectable by District 239 and not by District 148 and shall be used as a prepayment to the outstanding balance of District 239's project financing encumbrance or may be used to roll-down or reduce the payments

to be paid by District 239 on the project financing encumbrance and by District 148 under its Sewer Line Extension Contract and Lien as may be possible, or a combination of prepayment and lowering of payments, as the Commissioners of District 239 may determine. District 148 hereby assigning any such right District 148 has or may have to such fees, if any, to District 239.

11. This is a contract for installation of the Sewer Line and appurtenant facilities in connection therewith, and is not a contract for sewer service. District 148 acknowledges that it shall be obligated to contract with the Utility to obtain sewer service at rates, and upon other terms and conditions including but not limited to any deposit, which shall be in effect from time to time. District 148 acknowledges that District 239 has made no representation or warranty concerning what sewer rates, terms or conditions the Utility will charge or make now or in the future. District 148 acknowledges that the furnishing of sewer collection and treatment by the Utility is a governmental function and that District 239 has no responsibility in connection therewith beyond the construction of District 239's collector system shown on Exhibit "B" hereto the ownership, operation and maintenance of which are contemplated to be taken and assumed by the City of Little Rock for the Utility.

12. The Sewer Line constructed by District 239 within the boundaries of the Property pursuant to this contract shall be as shown on the drawings attached hereto as Exhibit "B" and as otherwise described in paragraph 3 above. Once the sewer line has been fully constructed pursuant to those requirements and otherwise in accordance with other provisions of this contract and operation and maintenance accepted by the City of Little Rock, Arkansas, District 148 acknowledges, represents and warrants that the failure for any reason to connect any improvement on the Property to the Sewer Line, or damage to or destruction of the Sewer Line or the District's system, or any other circumstance or occurrence that may arise after installation of the Sewer Line, shall not excuse, release, abate, forebear or discharge District 148 from District 148's obligations hereunder; and,

neither shall District 239 be obligated to repair or replace any such damage after the sewer improvements have been constructed pursuant hereto and maintenance of the improvements assumed by the Utility or another governmental entity.

13. To secure the obligation of District 148 to pay the sums pursuant to or described in paragraph 5 hereof, District 148 does hereby agree to pledge, assign, transfer, set over, deliver, grant, bargain, sell and convey unto District 239 and unto its successors and assigns forever, the Property, the special assessments or taxes levied by District 148 and the right and power to assess and levy special assessments or taxes that District 148 may assess and levy or has a right to assess and levy pursuant to law, expressly thereby granting District 239 a lien thereof, provided the conveyance will be on the condition that if District 148 shall pay or release all sums secured hereby, at the time and in the manner aforesaid, then the conveyance will be null and void. District 148's obligation to make and convey this lien shall be conditioned upon District 239 satisfying the conditions set forth in paragraph 4 hereof and upon such satisfaction, and the closing of the project financing encumbrance identified in paragraph 4 of the Agreement between the parties executed simultaneously herewith, District 148 shall convey to District 239 the lien referred to herein as stated in Exhibit "C" attached hereto and incorporated herein. Upon the failure of District 148 to pay or release the whole or any part of the sums pursuant to or described in paragraph 5 hereof, District 239 shall have the right and option to declare all sums due hereunder and secured by said lien to be immediately due and payable, which option may be exercised at any time after default, and no delay in the exercise thereof shall be deemed a waiver of such right, nor shall any notice of intention to exercise such option be necessary. Furthermore, in the event of such default after the granting of said lien, District 239 shall have the right to foreclose the Property, the special assessments or taxes levied by District 148 and the right and power to assess and levy special assessments or taxes that District 148 may assess and levy or has a right to assess and levy pursuant to law, by judicial proceedings and shall be entitled to collect all

expenses in connection with such foreclosure, including, but not limited to reasonable attorneys' fees, as well as exercise any other remedies permitted by law including enjoining the continued use of the Sewer Line by the Property and the collection of all expenses in connection therewith, including, but not limited to, reasonable attorney's fees. District 148 intends that said lien on the Property, the special assessments or taxes levied by District 148 and the right and power to assess and levy special assessments or taxes that District 148 may assess and levy or has a right to assess and levy pursuant to law, when granted, shall run with the land. Further, the parties hereto specifically understand and agree that the lien herein, when granted, shall be continuing in nature; in this respect said lien is intended to secure "future extension of credit" which includes future annual charges.

14. Following completion of construction of the Sewer Line, District 239 shall be obligated to fill all excavated areas within the Property with good quality fill material, to restore the original contours of the Property that are disturbed by the construction of the Sewer Line to the contours existing prior to such construction to the extent it is practical to do so and to smooth and seed the surface of the easement ways to retard erosion and to otherwise restore the easement surface to as good a condition as it was prior to the construction of the Sewer Line to the extent it is practical to do so. However, District 148 recognizes that trees may be removed from the easement ways and replacement trees will not be planted by District 239.

15. This contract shall be binding upon the parties hereto, their successors and assigns. Any purchaser, successor, or assignee of any portion of the Property shall have the same rights as District 148 under this contract, but only for the purpose of connecting that portion of the Property conveyed or assigned to the Sewer Line. Provided however, District 148 shall not sell, assign or otherwise transfer any Sewer Line flowage capacity not utilized by the Property without the prior written consent of District 239 and the Utility which consent may be unreasonably withheld.

16. This contract shall be construed and interpreted in accordance with the laws of the State of Arkansas.

17. Any waiver by either party of any provision or condition of this contract shall not be construed or deemed to be a waiver of that or any other provision or condition of this contract, nor a waiver of a subsequent breach of this same provision or condition, unless such waiver be so expressed in writing and signed by the party to be bound.

18. The parties agree that any delay or failure of either party to perform its obligations under this contract, shall be excused if and to the extent caused by acts of God, strikes, actions of regulatory agencies, fire, flood, wind storm, explosion, riot, war, sabotage or other cause or causes beyond the reasonable ability of the party affected to control, provided that prompt notice of such delay is given by such party to the other and each of the parties hereto shall be diligent in attempting to remove such cause or causes.

19. Any capitalized term used in this agreement shall have the meaning as defined in this agreement. If a capitalized term is not defined in this agreement, it shall have the meaning as defined in the Agreement executed by and between the parties hereto simultaneously herewith.

20. If any part or provision of this Contract shall be deemed invalid or unenforceable, the remaining parts and provisions shall be valid and enforceable as though the invalid or unenforceable part or provision had not been included.

IN WITNESS WHEREOF District 239 and District 148 have executed this Agreement on the ____ day of _____, 2000.

SUBURBAN SEWER IMPROVEMENT
DISTRICT NO. 239 OF PULASKI
COUNTY, ARKANSAS

By: _____
Mark Lyons, Commissioner

By: _____
Pat Dillard, Commissioner

PROPERTY OWNER:

CAPITOL LAKE SEWER PROPERTY
OWNERS' IMPROVEMENT DISTRICT
NO. 148 OF THE CITY OF LITTLE
ROCK, ARKANSAS

By: _____
David Paes, Chairman

By: _____
Ann Aldridge, Secretary

By: _____
Mary Peyton

ACKNOWLEDGMENT

STATE OF ARKANSAS)
)ss
COUNTY OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, Mark Lyons, to me well known, who stated that he, as one of the Commissioners of the Board of Commissioners of Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this ____ day of _____, 2000.

Notary Public

My Commission Expires:

ACKNOWLEDGMENT

STATE OF ARKANSAS)
)ss
COUNTY OF PULASKI) :

BE IT REMEMBERED that on this day appeared before me, Pat Dillard, to me well known, who stated that he, as one of the Commissioners of the Board of Commissioners of Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this ____ day of _____, 2000.

Notary Public

My Commission Expires:

ACKNOWLEDGMENT

STATE OF ARKASNAS)
) ss
COUNTY| OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, David Paes, to me well known, who stated that he, as one of the Commissioners of the Board of Commissioners of Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this ____ day of _____, 2000.

Notary Public

My Commission Expires:

ACKNOWLEDGMENT

STATE OF ARKASNAS)
) ss
COUNTY| OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, Ann Aldridge, to me well known, who stated that she, as one of the Commissioners of the Board of Commissioners of Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this ____ day of _____, 2000.

Notary Public

My Commission Expires:

ACKNOWLEDGMENT

STATE OF ARKASNAS)
) ss
COUNTY OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, Mary Peyton, to me well known, who stated that she, as one of the Commissioners of the Board of Commissioners of Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this ____ day of _____, 2000.

Notary Public

My Commission Expires:

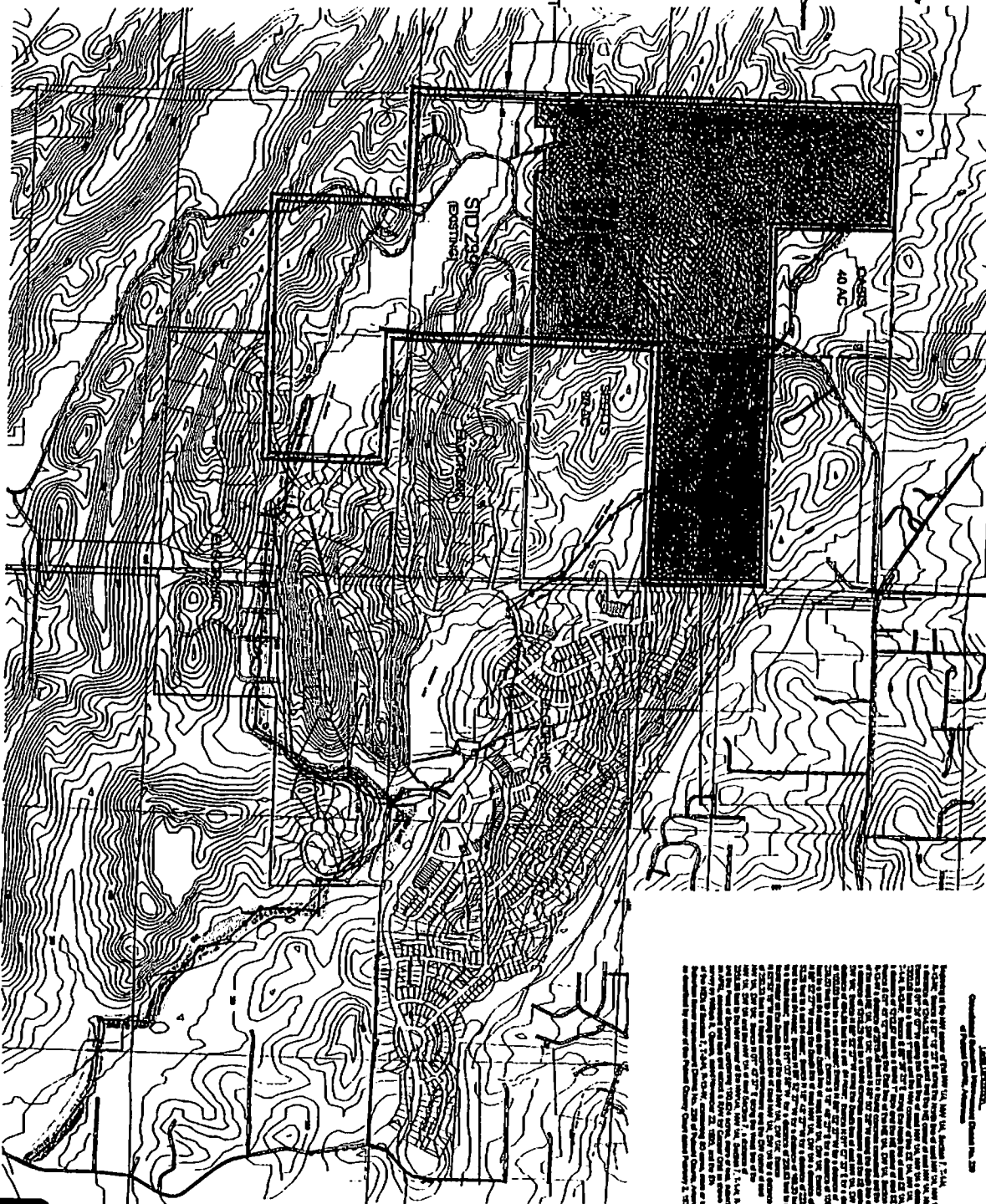
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EXHIBIT A

LEGAL DESCRIPTION FOR CAPITOL LAKES SEWER PROPERTY OWNERS IMPROVEMENT DISTRICT NO. 148 OF THE CITY OF LITTLE ROCK, ARKANSAS

Part of the NW1/4 and the N1/2 of the SW1/4, Section 7, Township 1 North, Range 13 West, Pulaski County, Arkansas, more particularly described as follows:

Beginning at the NW corner of the NW1/4, NW1/4, Section 7, T-1-N, R-13-W; thence S 87°18'23"E along the North line of said NW1/4, NW1/4 a distance of 1244.38 feet to a point at the NE corner of said NW1/4, NW1/4; thence S 01°24'07"W along the East line of said NW1/4, NW1/4 a distance of 1300.06 feet to a found 1" pipe at the NE corner of the SE1/4, NW1/4, Section 7, T-1-N, R-13-W; thence S 88°36'38"E along the North line of said SE1/4, NW1/4 a distance of 1312.67 feet to a found 1" pipe at the NE corner of said SE1/4, NW1/4; thence S 01°45'12"W along the East line of the NE1/4, SW1/4, Section 7, T-1-N, R-13-W a distance of 2619.46 feet to a found concrete monument at the SW corner of the said NE1/4, SW1/4; thence N 88°50'38"W along the South line of said NE1/4, a distance of 1318.29 feet to a found concrete monument and the SE corner of the NW1/4, SW1/4; thence N 88°52'27"W along the South line of said NW1/4, SW1/4 a distance of 494.58 feet to a set #4 rebar; thence N 01°07'33"E for a distance of 100.00 feet to a set #4 rebar; thence N 88°52'27"W for a distance of 238.00 feet to a set #4 rebar; thence S 18°48'27"E for a distance of 106.37 feet to a set #4 rebar on the South line of said NW1/4, SW1/4; thence N 88°52'27"W along the South line of said NW1/4, SW1/4 a distance of 53.28 feet to a set #4 rebar; thence N 18°48'27"W for a distance of 223.05 feet to a set #4 rebar; thence N 88°52'27"W for a distance of 169.30 feet to a found rebar; thence S 01°00'58"W for a distance of 209.63 feet to a found rebar on the South line of the said NW1/4, S/W1/4; thence N 88°53'16"W along the South line of said NW1/4, SW1/4 for a distance of 250.33 feet to a found concrete monument at the SW corner of said NW1/4, SW1/4; thence N 01°43'37"E along the West line of the NW1/4, SW1/4 and the NW1/4 of said Section 7, a distance of 3958.96 feet to the NW corner of the NW1/4, NW1/4, Section 7 and the Point of Beginning, containing 190.624 acres, more or less.



1. *Ascaris suum* (L.) (Nematode: Ascaridae). This parasite is found in the small intestine of swine and is the most common nematode of this species. It is a large, thread-like worm, 2-3 mm in diameter and 15-20 cm in length. It is found in the feces of infected pigs and in the soil. It is a common parasite of swine and is found in the feces of infected pigs and in the soil. It is a common parasite of swine and is found in the feces of infected pigs and in the soil.

THE UNIVERSITY OF CHICAGO
CHICAGO, ILLINOIS 60637
U.S. POSTAL OFFICE, BOX 3708

EXHIBIT

00

CIVIL DESIGN, INC.
11100 CANTRELL RD
LITTLE ROCK, ARKANSAS

AREA MAP

Little Grade Sewer Improv. Dist.
Consolidated Sewer Improv. Dist.

DATE	3/15/08
Call Date - 1007	1007

enclosed in 1 Envelope
APPROVED BY M. J. D.

REVIEWS

DATE	BY	AC-42 1° - 200
		DEPT

Lien

Know All Men By These Presents:

That Capitol Lakes Sewer Property Owner's Improvement District 148 of the City of Little Rock, Arkansas ("District 148"), an Arkansas municipal property owners' improvement district, for valuable consideration to District 148 in hand paid by Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas (District 239), an Arkansas suburban improvement district, does hereby pledge, assign, transfer, set over, deliver, grant, bargain, sell and convey into District 239 and unto its successors and assigns forever, the Property described in Exhibit "A" attached hereto and incorporated herein, the special assessments or taxes levied by District 148 and the right and power to assess and levy special assessments or taxes that District 148 may assess and levy or has a right to assess and levy pursuant to law, expressly hereby granting District 239 a lien thereof, provided this conveyance is on the condition that if District 148 shall pay District 239 the Annual Assessments in the amount of \$63,205 as provided in the Sewer Line Extension Contract and Lien between Districts 148 and 239 dated _____, 2000 (the "Sewer Contract") and as that amount may be adjusted pursuant to the Sewer Contract, at the time and in the manner required by the Sewer Contract, then this conveyance shall be null and void. Upon the failure of District 148 to pay the whole or any part of the Annual Assessments, District 239 shall have the right and option to declare all sums due pursuant to the Sewer Contract and secured hereby to be immediately due and payable, which option may be exercised at any time after default, and no delay in the exercise thereof shall be deemed a waiver of such right, nor shall any notice of intention to exercise such option be necessary. Furthermore, in the event of such default, District 239 shall have the right to foreclose the Property, the special assessments or taxes levied by District 148 and the right and power to assess and levy special assessments or taxes that District 148 may assess and levy or has a right to assess and levy pursuant to law, and assert its lien holder rights by judicial proceedings and shall be entitled to collect all expenses in connection with such proceedings, including, but not limited to reasonable attorneys' fees, as well as exercise any other remedies permitted by law including enjoining the continued use of the Sewer Line by the Property and the collection of all expenses in connection therewith, including but not limited to, reasonable attorney's fees. District 148 intends that this lien on the Property, the special assessments or taxes levied by District 148 and the right and power to assess and levy special assessments or taxes that District 148 may assess and levy or has a right to assess and levy pursuant to law, shall run with the land. Further, the parties hereto specifically understand and agree that the lien herein granted shall be continuing in nature; in this respect the lien hereby granted is intended to secure " future extensions of



credit" which includes future annual charges. If any part or provision of this Lien shall be deemed invalid or unenforceable, the remaining parts and provisions shall be valid and enforceable as though the invalid or unenforceable part or provision had not been included.

Witness our hands and seals on this _____ day of _____, 2000.

Capitol Lakes Sewer Property Owner's
Improvement District No. 148 of the
City of Little Rock, Arkansas

By: _____
David Paes, Chairman

Ann Aldridge, Secretary

Mary Peyton

ACKNOWLEDGMENT

STATE OF ARKASNAS)
) ss
COUNTY OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, David Paes, to me well known, who stated that he, as one of the Commissioners of the Board of Commissioners of Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this ____ day of _____, 2000.

Notary Public

My Commission Expires:

ACKNOWLEDGMENT

STATE OF ARKASNAS)
) ss
COUNTY OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, Ann Aldridge, to me well known, who stated that she, as one of the Commissioners of the Board of Commissioners of Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this ____ day of _____, 2000.

Notary Public

My Commission Expires:

ACKNOWLEDGMENT

STATE OF ARKASNAS)
) ss
COUNTY OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, Mary Peyton, to me well known, who stated that she, as one of the Commissioners of the Board of Commissioners of Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this ____ day of _____, 2000.

Notary Public

My Commission Expires:

AMENDMENT TO AGREEMENT

This is an amendment to the Agreement between Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas ("District 239") and Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas ("District 148"), together hereinafter referred to as the "parties", dated May 5, 2000, (the "Amendment").

This Amendment is for the purpose of updating certain costs and other financial matters contained in the Agreement due primarily to project cost increases that have occurred since that information was compiled and included in the Agreement. The reasons for the changes are numerous and relate primarily to some unanticipated fees and costs, bids obtained for the project construction and other items, all of which are considered reasonable by the parties, however they are deemed sufficient enough to warrant restating the project budget and related financial matters as provided herein.

Now, therefore, for and in consideration of the sums recited and promises contained in the Agreement, an additional \$1.00 from each to the other, and other good and valuable consideration in hand paid, the receipt of which is acknowledged, the parties agree to amend and do amend the Agreement with this Amendment and accordingly the Agreement is hereby ratified and confirmed as originally executed except that it shall be and is modified and amended as follows, which modifications and amendments shall prevail over any contrary provisions contained in the Agreement and its exhibits or attachment thereto:

1. Attached hereto as Exhibit "A" is a revised project budget deemed by the parties as their most recent estimate of the project costs.

2. Because of the revised budget, as reflected by Exhibit "A" hereto, and the increased costs projected thereby, the parties, hereby confirming their desire to proceed with the project construction as soon as possible, have elected to absorb their proportionate cost increases by District 239 using its existing liquid reserves, primarily its Administrative Fund, to pay its share of the cost increases with cash and District 148 agreeing to increase its annual assessment payments to District 239 pursuant to the parties Sewer Line Extension Agreement and Lien as provided further in paragraph 3. below.

3. Exhibit B (Sewer Line Extension Contract and Lien) paragraph 5 (page 2) is changed to provide that the amount of the annual assessment District 148 is obligated to pay District 239 shall be \$ 72,432.00 (as opposed to the amount of \$63,205 shown in the extension contract).

4. Paragraph 3, Costs (page 5) is restated in its entirety as follows:

Costs. The cost of construction of the proposed sanitary sewer collector line shown in green on Exhibit "A" shall be paid by District 239. It is anticipated that the basic cost of the project will be \$2,394,040.00, consisting of \$1,028,600.00 for the construction cost, \$622,000.00 to retire the existing principal indebtedness of District 239, \$407,500.00 for the engineering, legal and assessing costs, \$221,080.00 for project contingency, debt service reserve and administration fee, and an engineering and construction refund of \$114,860.00, with the understanding that such project cost is an estimate for planning purposes and that it will differ from the final cost calculations of the project.

Included as a part of the above costs, District 239 shall pay from the proceeds of the project financing encumbrance the reasonable attorney's fees incurred by District 148 for the organization of District 148 and District 148's efforts related to this Agreement, the Assessor's incurred by District 148 related to this Agreement, and the costs incurred by District 148 in conjunction with its initial entry of an Order of Levy related to this Agreement.

The first Order of Levy against the lands in the District 239 shall provide that the first year that there shall be a tax charged against such lands shall be the year 2001. Such tax shall hereinafter be referred to as "Annual Assessment" and Annual Assessment shall mean the Annual Charge as listed in the most current assessment of benefits filed by a District with the County Clerk of Pulaski County (for District 239) or the Clerk of the City of Little Rock (for District 148).

5. Paragraph 4, Financing (page 6), is changed to state that at this time District 239 does not know how much , if any, funds it will have in its Administrative Fund or other disposable reserves upon completion of the closing of the project financing encumbrance (Development Loan) through the Arkansas Soil and Water Conservation Commission. To the extent that any such funds exist for District 239 after the closing, District 239 may apply such funds as otherwise provided in the Agreement, paragraph 4.

IN WITNESS WHEREOF, the undersigned hereunto represent that their subscription hereto is duly authorized as commissioners of the Board of Commissioners


of the respective parties and that they subscribe their names on this _____ day of _____, 2000.

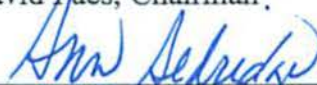
Suburban Sewer Improvement District No. 239 of
Pulaski County, Arkansas

By: _____
Mark Lyons, Chairman

Pat Dillard

Capitol Lakes Sewer Property Owners'
Improvement District No. 148 of Little Rock,
Arkansas

By:  _____
David Paes, Chairman,

 _____
Ann Aldridge, Secretary

 _____
Mary Peyton

EXHIBIT AFINAL PRECONSTRUCTION PROJECT BUDGET

Suburban Sewer Improvement District No. 239
Brodie Creek Sewer Main Extension
Spring Valley Manor Sewer System Rehabilitation
July 7, 2000

Overall Budget

Brodie Main Extension, Low Bid Amount	\$ 696,990
Spring Valley Rehab Project, Low Bid Amount	331,610
ASWCC Loan Payoff Escrow	622,000
Design Engineering, General Construction Supervision	171,500
Construction Inspection	51,000
ROW Engineering & Easement Documents	37,500
Bond Counsel	22,500
Legal Services	60,000
Assessment Services	40,000
Landowner Legal Expense Reimbursement	25,000
Debt Service Reserve Capitalization	80,168
Loan Administration Fee	59,237
SID 239 Extended Engineering & ROW Refund	92,260
SID 239 Rehab Construction & Engineering Refund	22,600
Project Contingencies	<u>81,675</u>
Total	\$2,394,040

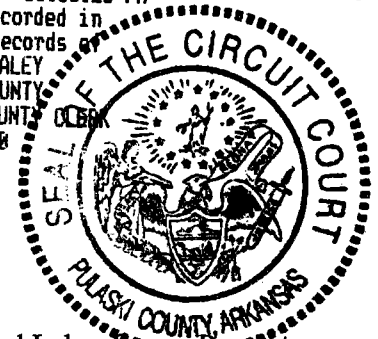
Budget Summary

Construction	\$1,028,600
Project Contingencies	81,675
ASWCC Loan Payoff Escrow	622,000
Design Engineering, General Supervision	171,500
Construction Inspection	51,000
ROW Engineering & Easement Documents	37,500
Legal & Assessment Services	147,500
Debt Service Reserve Fund & Loan Admin. Fee	139,405
SID 239 Engineering & Const. Refund	<u>114,860</u>
Total	\$2,394,040

2000071545
10/10/2000 01:50:28 PM
Filed & Recorded in
Official Records of
CAROLYN STALEY
PULASKI COUNTY
CIRCUIT/COUNTY CLERK
Fees \$32.00

1 408

PLEDGE AND MORTGAGE



KNOW ALL MEN BY THESE PRESENTS:

This Pledge and Mortgage dated August 17, 2000 is entered into by Capitol Lakes Sewer Property Owners Improvement District No. 148 of the City of Little Rock, Arkansas (the "District") in favor of Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas registered owner of the \$965,411.60 Improvement Bond, dated August 17, 2000 (the "Bond").

WITNESSETH

WHEREAS, the District is a duly and legally existing municipal property owners improvement district under the Constitution and laws of the State of Arkansas and was formed for the purpose of constructing within the District a complete sewer system to serve the real property located in the District (the "Improvements"); and

WHEREAS, in order to finance the costs of construction of the Improvements, the District has executed the Bond in favor of Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas in the original principal amount of \$965,411.60 bearing interest at the rate of five and fifteen hundredths percent (5.15%) per annum, and payable in annual installments of principal and interest in the amount of Seventy-One Thousand Four Hundred Thirty-Two Dollars (\$71,432), with such payments commencing on the first (1st) day of June, 2002, and continuing for each successive year thereafter, with a final installment of all outstanding and unpaid principal, plus all accrued and unpaid interest, late charges or other sums due and payable on June 1, 2031; and

WHEREAS, the Bond shall be a general obligation of the District, executed pursuant to and entitled to the security provided for in this Pledge and Mortgage; and

WHEREAS, pursuant to an Order issued by the Board of Commissioners of the District, there has been levied upon the real property located in the District a continuing annual tax of 3.81995% (the "Special Tax") on the total assessed benefits of the District as established by the Board of Assessors of the District (the "Assessment of Benefits"); and

WHEREAS, in this Pledge and Mortgage, the District desires to pledge to the payment of the Bond its full faith, credit and other resources, including specifically revenues derived from the Special Tax on the Assessment of Benefits and prepayments of the Special Tax on the Assessment of Benefits; and

WHEREAS, the Bond is in substantially the following form:

This Instrument Prepared By:
Williams & Anderson LLP
111 Center Street, Suite 2200
Little Rock, AR 72201

REGISTERED
No. R-1

REGISTERED
\$965,411.60

STATE OF ARKANSAS
CAPITOL LAKES SEWER PROPERTY OWNERS IMPROVEMENT
DISTRICT NO. 148 OF THE CITY OF LITTLE ROCK, ARKANSAS
IMPROVEMENT BOND
DATED AUGUST 17, 2000

Interest Commencement Date: August 17, 2000 Interest Rate: 5.15%
Maturity Date: June 1, 2031

For value received, Capitol Lakes Sewer Property Owners Improvement District No. 148 of the City of Little Rock, Arkansas (the "District"), promises to pay to Registered Owner:

Suburban Sewer Improvement District No. 239
of Pulaski County, Arkansas

or registered assigns the principal amount of Nine Hundred Sixty-Five Thousand Four Hundred Eleven Dollars and Sixty Cents (\$965,411.60) on the Maturity Date identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such principal amount from the Interest Commencement Date specified above until paid at the Interest Rate per annum set forth above. Principal and interest are payable on each June 1, commencing June 1, 2002 (capitalized interest will pay the June 1, 2001 payment), after the Interest Commencement Date, as set forth on Exhibit A to this Bond.

Principal of this Bond is payable to the registered owner, in lawful money of the United States of America, upon presentation when due at the principal office of Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas (the "Bondowner or "District No. 239"). Payment of each installment of interest shall be made to the Bondowner in whose name this Bond is registered on the registration books of the District maintained by the Bondowner at the close of business on the fifteenth day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date. Such interest payments shall be by check mailed to such registered owner at the address appearing on such registration books.

This Bond is issued under the authority of the Constitution and laws of the State of Arkansas, including particularly Arkansas Code of 1987 Annotated, Title 14, Chapter 94, Subchapter 1.

(SEE THE REVERSE SIDE FOR ADDITIONAL PROVISIONS AND DEFINITIONS WHICH HAVE THE SAME EFFECT AS IF FULLY SET FORTH IN THIS PLACE)

THE DISTRICT HAS DESIGNATED THIS BOND AS A "QUALIFIED TAX-EXEMPT OBLIGATION" WITHIN THE MEANING OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

IN WITNESS WHEREOF, the District has caused this Bond to be executed by its Commissioners by their signatures and its corporate seal produced hereon.

CAPITOL LAKES SEWER PROPERTY
OWNERS IMPROVEMENT DISTRICT NO. 148
OF THE CITY OF LITTLE ROCK, ARKANSAS

Commissioner

Commissioner

Commissioner

(SEAL)

(Back of Bond)

STATE OF ARKANSAS
CAPITOL LAKES SEWER PROPERTY OWNERS IMPROVEMENT
DISTRICT NO. 148 OF THE CITY OF LITTLE ROCK, ARKANSAS
IMPROVEMENT BOND
DATED AUGUST 17, 2000

ADDITIONAL PROVISIONS

This Bond is one of an issue of Bond of the District dated August 17, 2000 (the "Bond"), in the principal amount of \$965,411.60.

The District was formed for the purpose of constructing within the District a complete sanitary sewer system to serve the real property located in the District (the "Improvements"). The Bond are being issued to finance the cost of constructing the Improvements to serve the real property of the District.

The Bond are general obligations of the District, issued pursuant to and entitled to the security provided for in a Pledge and Mortgage dated as of August 17, 2000 (the "Pledge and Mortgage"). By the First Amended Order of Levy of the District approved August 7, 2000, there has been levied upon the real property located in the District a continuing annual tax of 3.81995% (the "Special Tax") on the total assessed benefits of the District as established by the Assessor of the District (the "Assessment of Benefits"). In the Pledge and Mortgage, the District has pledged to the payment of the Bond its full faith, credit and other resources, including specifically revenues derived from the Special Tax on the Assessment of Benefits. As provided in the Pledge and Mortgage, revenues derived from the Special Tax ("Revenues") may also be used for other purposes of the District.

Reference is hereby made to the Pledge and Mortgage, which is recorded in the office of the Circuit Clerk and Ex Officio Clerk of Pulaski County, Arkansas, for details of the nature and extent of the security and of the rights and obligations of the District, and the holders of the Bond.

The Bond is issuable only in the form of one Registered Bond without coupons in the denomination of \$965,411.60.

The District hereby covenants and warrants that it is duly and legally existing as a municipal property owners improvement district under the Constitution and laws of the State of Arkansas; that all acts, conditions and things required precedent to and in the issuance of this Bond, have been done, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of Arkansas or have been waived; that a tax has been levied on the total assessed benefits of the District in an amount sufficient to pay the principal of and interest

on the Bond when due; and that the total indebtedness of the District does not exceed any constitutional or statutory limitation.

Redemption. The Bond may be redeemed at the option of the District, in whole or in part, at any time from funds from any source at a redemption price of 100%. In the event of a partial redemption of the Bond pursuant to optional redemption, the District may direct the maturity or maturities and the amounts thereof so to be redeemed.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN		as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT	-	Custodial _____
		(Cust) (Minor)
		under Uniform Gifts to Minors
		Act _____
		(State)

Additional abbreviations may also be used though not on the list above.

TRANSFER

FOR VALUE RECEIVED, _____ ("Transferor") hereby sells, assigns and transfers unto

"name and address of transferee"

(Social Security or Federal Employer Identification No. ____)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ ("Transferee") as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____ .

 (Transferor)

NOTICE: No transfer will be issued in the name of the Transferee, unless the signature to this assignment corresponds with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied.

Signature Guaranteed:

 NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or a trust company.

[END OF BOND FORM];

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, and for the purpose of securing the payment of the Bond and the interest thereon as they severally mature, the District does hereby pledge, mortgage, assign, transfer and set over to Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas the owners of the Bond ("District No. 239"), its Assessment of Benefits and any Assessment of Benefits that may hereafter be made upon the real property of the District, interest on its Assessment of Benefits, the proceeds of all taxes levied, or that may hereafter be levied, and pledged to payment of the Bond, including the Special Tax (hereinafter defined), and also all uncollected Assessments of Benefits and special taxes levied or that may hereafter be levied and pledged to payment of Bond. In this regard, the Board of Commissioners reserves the right, subject to the provisions of Section 10, to levy taxes for operation and maintenance, and no part of the proceeds of such taxes are or will be pledged to these Bond.

In order to insure the prompt payment of the Bond and interest hereinabove secured by the pledge of its Assessment of Benefits and other assets, the District does hereby agree, represent, and covenant that:

1. Formation, Assessment, and Levy. (a) The District was formed by Ordinance No. 17,675 of the City of Little Rock, Arkansas (the "City") on February 17, 1998. The District was formed for the purpose of constructing within the District a sanitary sewer system, (the "Improvements") to serve the real property located in the District.

(b) In accordance with Arkansas Code Annotated, Title 14, Chapter 94 (the "Act"), the Commissioners approved plans for the construction of the Improvements and filed the plans and cost estimates with the City Clerk of the City. An Assessor was then appointed by the Commissioners to assess the benefits to be received by each lot, block, and other subdivision of land within the District by reason of the Improvements (the "Assessment of Benefits"). Following the determination of the Assessment of Benefits by the Board of Assessors, said Assessment of Benefits was published in the local newspaper as required by law on February 27, 2000 and February 28, 2000. By the First Amended Order of Levy dated August 7, 2000, the Commissioners approved the Assessment of Benefits (the "Assessment Order").

(c) The Act authorizes the District to levy a continuing annual tax (the "Special Tax") against the Assessment of Benefits. The levy constitutes a prior lien on all assessed real property within the District, subject only to general taxes and superior to private mortgages or other private obligations. The Special Tax was levied by the Assessment Order at the annual rate of 3.81995%, to be collected in the years 2001 and thereafter.

(d) The District has worked in conjunction with Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas ("District No. 239") in order to finance the Improvements. District No. 239 has issued a bond in the amount of \$2,065,051.55 to the Arkansas Soil and Water Conservation Commission ("ASWCC"). It has been agreed by the Commissioners of the District and District No. 239 that the District's proportional share of the \$2,065,051.55 is 46.75% or

\$965,411.60. The issuance of the District's Bond in the amount of \$965,411.60 to District No. 239 is the District's share of District' No. 239's obligation to ASWCC.

The documents memorializing the relationship between the District and District No. 239 are an Agreement dated May 5, 2000 an Amendment to Agreement dated May 5, 2000, and a Sewer Line Contract and Lien dated April 3, 2000, which documents are hereby incorporated by reference. If any conflict exists between the terms of this Pledge and Mortgage or the Bond and the Agreement or the Sewer Line Contract and Lien, the Agreement and the Sewer Line Contract and Lien shall control.

2. Covenants Concerning Special Tax. (a) The Special Tax shall be levied and collected annually until the principal of and interest on the Bond is paid in full, or until the Bond dated April 17, 2000, in the amount of \$2,065,051.55 from Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas to the Arkansas Soil and Water Conservation Commission is paid in full.

(b) The District will increase the annual rate of collection of the Special Tax as, when, and to the extent necessary to maintain the amount of Revenues (as hereinafter defined) collected in any given year at the amount necessary to pay the principal of and interest on, in connection with the Bond in such year.

(c) The District may at its option cause the Assessment of Benefits to be reassessed annually, but the total Assessment of Benefits shall never be diminished.

(d) The Board of Commissioners covenants to keep continually informed of collections of the Special Tax and to take appropriate action to cause the Special Tax to be collected in accordance with law (including the collection of delinquent installments of the Special Tax). The District shall within 30 days after receipt from the county collector of a list of all delinquent properties of each annual installment of the Special Tax, furnish District No. 239 a copy of such list. In the event that the District should fail to institute proceedings for collection or foreclosure, District No. 239 may do so.

3. Application of Revenues. The District will pay over, or cause to be paid over, to District No. 239, as and when received, all proceeds of the Special Tax (the "Revenues"). All Revenues and interest collected thereon shall be deposited with District No. 239, hereby created and designated "Bond Fund," the amount necessary, together with any moneys then on deposit in the Bond Fund, to pay all principal of, interest on in connection with the Bond which will mature or become due during the next succeeding twelve months.

4. Application of Bond Fund. Moneys in the Bond Fund shall be applied in the following order:

First, to pay as due a) interest on the Bond, and b) principal of the Bond.

Second, to the redemption prior to maturity of the Bond. All moneys in the Bond Fund in excess of the amount necessary to provide for required payments under paragraph First, above, due prior to the next anticipated receipt of Revenues shall be used on each interest payment date, as and to the extent available, to redeem Bond prior to maturity.

5. Delivery of Bond and Application of Proceeds. The Bond shall be delivered to District No. 239, upon payment in cash of the purchase price of \$965,411.60, less a discount of \$0, plus accrued interest from August 17, 2000 (the "sale proceeds"). The sale proceeds shall be disbursed as follows:

(a) \$39,222.23 of the sale proceeds shall be used for capitalized interest to pay interest on the Bond on June 1, 2001.

(b) The balance of the sale proceeds shall be deposited in a special trust account of the District with Regions Bank, as Trustee, for the \$2,065,051.55 Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas Special Assessment Bond, hereby created and designated "Construction Fund." Moneys in the Construction Fund shall be used solely for paying costs of issuance of the Bond and costs and expenses incurred in connection with the construction of the Improvements, except as otherwise specifically provided herein.

(c) Moneys in the Construction Fund shall be disbursed by the depository upon requisitions signed by an authorized representative of the District. All requisitions, other than requisitions for payment of engineering expenses, legal expenses and expenses of issuing the Bond, shall be approved by the engineer supervising the construction.

6. Investment of Funds. (a) Regions Bank shall, to the extent feasible, continuously invest and reinvest moneys on deposit in the Bond Fund, and the Construction Fund in Permitted Investments (hereinafter defined) maturing, or subject to redemption at the option of the holder without penalty for early redemption, on or before the date the moneys will be needed for authorized expenditures from such fund.

(b) All such investments shall be considered a part of the fund from which made and all investment losses shall be charged against such fund. Regions Bank shall, upon receipt, deposit all investment earnings and profits into the Bond Fund.

(c) "Permitted Investments" are defined as either (i) direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, or (ii) certificates of deposit or time deposit of any bank or trust company having a reported capital and surplus aggregating at least \$25,000,000, or (iii) certificates of deposit or time deposits of any bank or trust company, having a reported capital and surplus of less than \$25,000,000, but only to the extent insured by the Federal Deposit Insurance Corporation, (iv) money market funds backed solely by the obligations described in (i), (ii) or (iii) above.

7. **Default.** If default is made in the payment of the principal of or interest on the Bond, District No. 239 may declare the entire debt, or any part thereof, due, and may institute in any court having jurisdiction a proceeding for the foreclosure of this Pledge and Mortgage, and in such proceeding it is agreed that such court shall at the request of District No. 239, order that the Board of Commissioners of the District enforce the collection by chancery proceedings as set forth in Arkansas Code Annotated § 14-94-122. The Order accelerating the debt may be nullified by District No. 239 and the original maturities reinstated whenever requested by the District No. 239 of a majority in principal amount of Bond outstanding.

8. **Redemption.** The Bond shall be subject to optional redemption prior to maturity according to the terms and in the manner set forth in the Bond Form.

9. **Representations and Covenants Concerning Tax Matters.** (a) The District covenants that it shall not take any action or suffer or permit any action to be taken or condition to exist which causes or may cause the interest payable on the Bond to be included in the gross income for federal income tax purposes of the holders thereof. Without limiting the generality of the foregoing, the District covenants that the proceeds of the sale of the Bond will not be used directly or indirectly in such manner as to cause the Bond to be treated as "arbitrage Bond" within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code").

(b) The District represents that it has not used or permitted the use of, and covenants that it will not use or permit the use of, the Improvements in such manner as to cause the Bond to be "private activity Bond" within the meaning of Section 141 of the Code.

(c) None of the gross proceeds of the Bond (hereby defined to include the original proceeds of the sale of the Bond, amounts received as a result of investing the original proceeds and amounts used to pay principal of and interest on the Bond) will be used (directly or indirectly) either (A) to make or finance loans to persons other than governmental units, or (B) in any trade or business carried on by any person (i) other than a governmental unit or (ii) other than as a member of the general public. In addition, the Improvements financed by the Bond will only be used by persons on a basis as members of the general public.

(d) The District will take no action which would cause the Bond to be "federally guaranteed," and specifically covenants that the payment of any portion of principal or interest on the Bond or proceeds received from the Bond will be used in making loans which the payment of any portion of the principal or interest are to be guaranteed by the United States or any agency or instrumentality thereof.

(e) The District will submit to the Secretary of the Treasury of the United States, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bond is issued, a duly prepared and completed Form 8038G containing the information required thereon and such other information as the Secretary may by regulations require.

(f) The District reasonably expects to issue less than \$5,000,000 in principal amount of the Bond in the current calendar year, and has certified in its closing certificate relating to arbitrage (the "Arbitrage Certificate") that:

(i) it reasonably expects to be exempt from the arbitrage rebate provisions of the Code and regulations promulgated thereunder; and

(ii) the Bond has been designated "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

10. Operation and Maintenance Tax. The District reserves the right to levy an operation and maintenance tax and to use proceeds of such operation and maintenance tax for the purpose of operating and maintaining the Improvements; provided, however, the District shall not, in any year, levy an operation and maintenance tax in an amount that would jeopardize collection in full of the Special Tax as now levied or as hereafter increased. If, for any reason, it is necessary to the collection of the Special Tax that the operation and maintenance tax be levied in a reduced amount or not levied at all, then the District covenants that the operation and maintenance tax will, to the extent necessary, be so reduced in amount, or not levied at all.


11. Release From Assessment. Pursuant to Arkansas Code Annotated §14-94-118(b), the County Clerk shall release from the lien of any assessment any lot, block or tract with respect to which the assessment shall have been paid or prepaid, but only in accordance with the provision of that Sewer Line Extension Contract and Lien between the District and Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas. Once said provisions are met, District No. 239 shall execute and issue to the District an authenticated certificate releasing in full the lot, block, or tract released from the obligations and encumbrances of the Pledge and Mortgage.


12. Severability. The provisions of this Pledge and Mortgage are hereby declared to be severable, and in the event any provision shall be declared invalid, that will not affect the validity of other provisions.

IN WITNESS WHEREOF, the District has caused this instrument to be executed under the hands of its Commissioners and under its seal as of August 17, 2000.

CAPITOL LAKES SEWER PROPERTY
OWNERS IMPROVEMENT DISTRICT NO. 148
OF THE CITY OF LITTLE ROCK, ARKANSAS

By: 

By: 

By: 

(SEAL)

1-420

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF PULASKI)

On this 17th day of August, 2000, before me, a Notary Public duly commissioned, qualified and acting within and for the State and County aforesaid, appeared David Paes, Ann Aldridge and Mary Peyton, to me well known, who stated that they were the Commissioners of Capitol Lakes Sewer Property Owners Improvement District No. 148 of the City of Little Rock, Arkansas project in their capacities to execute the foregoing instrument for and in the name and on behalf of the District, and further stated and acknowledged that they had so signed, executed and delivered the instrument for the consideration, uses and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 17th day of August, 2000.

Linda Benson
Notary Public

My Commission Expires:

12-31-2001

**CAPITAL LAKES SEWER PROPERTY OWNERS' IMPROVEMENT DISTRICT
NO. 148 OF LITTLE ROCK, ARKANSAS**

LEGAL DESCRIPTION

Part of the NW1/4 and the N1/2 of the SW1/4, Section 7, Township 1 North, Range 13 West, Pulaski County, Arkansas, more particularly described as follows:

Beginning at the NW corner of the NW1/4, NW1/4, Section 7, T-1-N, R-13-W; thence S 87°18'23"E along the North line of said NW1/4, NW1/4 a distance of 1244.38 feet to a point at the NE corner of said NW1/4, NW1/4; thence S 01°24'07"W along the East line of said NW1/4, NW1/4 a distance of 1300.06 feet to a found 1" pipe at the NE corner of the SE1/4, NW1/4, Section 7, T-1-N, R-13-W; thence S 88°36'38"E along the North line of said SE1/4, NW1/4 a distance of 1312.67 feet to a found 1" pipe at the NE corner of said SE1/4, NW1/4; thence S 01°45'12"W along the East line of the NE1/4, SW1/4, Section 7, T-1-N, R-13-W a distance of 2619.46 feet to a found concrete monument at the SW corner of the said NE1/4, SW1/4; thence N 88°50'38"W along the South line of said NE1/4, a distance of 1318.29 feet to a found concrete monument and the SE corner of the NW1/4, SW1/4; thence N 88°52'27"W along the South line of said NW1/4, SW1/4 a distance of 494.58 feet to a set #4 rebar; thence N 01°07'33"E for a distance of 100.00 feet to a set #4 rebar; thence N 88°52'27"W for a distance of 238.00 feet to a set #4 rebar; thence S 18°48'27"E for a distance of 106.37 feet to a set #4 rebar on the South line of said NW1/4, SW1/4; thence N 88°52'27"W along the South line of said NW1/4, SW1/4 a distance of 53.28 feet to a set #4 rebar; thence N 18°48'27"W for a distance of 223.05 feet to a set #4 rebar; thence N 88°52'27"W for a distance of 169.30 feet to a found rebar; thence S 01°00'58"W for a distance of 209.63 feet to a found rebar on the South line of the said NW1/4, SW1/4; thence N 88°53'16"W along the South line of said NW1/4, SW1/4 for a distance of 250.33 feet to a found concrete monument at the SW corner of said NW1/4, SW1/4; thence N 01°43'37"E along the West line of the NW1/4, SW1/4 and the NW1/4 of said Section 7, a distance of 3958.96 feet to the NW corner of the NW1/4, NW1/4, Section 7 and the Point of Beginning, containing 190.624 acres, more or less.

SEWER LINE EXTENSION CONTRACT AND LIEN

THIS CONTRACT AND LIEN is executed between Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas by its board of commissioners (hereinafter called "District 239") and Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas by its board of commissioners, (hereinafter called "District 148"),

WITNESSETH:

1. District 148 represents and warrants to District 239 that the boundaries of District 148 encompass the real property in Pulaski County, Arkansas described in Exhibit "A" attached hereto and made a part hereof (hereinafter called the "Property").

2. District 239 represents and warrants to District 148 that the Property is located outside the boundaries of District 239.

3. In consideration of the foregoing and following representations and warranties, and in consideration of the payment by District 148 to District 239 of the annual charges in the amount and at the times hereinafter established, District 239 agrees to furnish all labor and materials necessary to install and shall install a sanitary sewer collector line along the route highlighted in green shown on the drawing attached hereto as Exhibit "B" to which District 148 shall have the right to connect as hereinafter provided (hereinafter called the "Sewer Line"). The size, location and construction of the Sewer Line shall be as provided in Exhibit "B" and in accordance with the 1986 Standard Specification Requirements for Sanitary Sewers adopted by the Little Rock Wastewater Utility (the "Utility") and all amendments thereto.

4. Notwithstanding anything herein to the contrary, District 239 shall not be obligated to build the Sewer line shown on Exhibit "B" hereof unless and until it closes its Development Loan described in the parties Agreement executed simultaneously herewith. The obligation for District 148 to make payments to District 239 is expressly conditioned upon District 239 removing the condition set forth in this Section 4 and

District 239 executing an unconditional covenant that District 239 shall construct the Sewer Line and District 239 closing the Development Loan in the amount of not less than \$2,315,095.00 and District 239 executing the Sewer Line Extension Contract with Elgor, Inc. as provided in Paragraph 7 of the Agreement.

5. District 148 understands and agrees that upon the execution of this contract by both parties, District 148 will be obligated to pay District 239 an Annual Assessment in the amount of \$63,205.00; that the Annual Assessment will be due beginning October 10, 2001; and, that District 148 agrees to pay the Annual Assessment. "Annual Assessment" shall mean the Annual Charge as listed in the most current assessment of benefits filed by a District with the County Clerk of Pulaski County (for Districts 239 or the Clerk of the City of Little Rock (for District 148)). The parties further agree that the \$63,205.00 is a fixed amount determined by the parties that will not increase and that it will be payable for as many years as District 239's project financing debt to the Arkansas Soil and Water Conservation Commission through which it will borrow the funds to construct the Sewer Line shown on Exhibit "B" remains in existence, not to exceed thirty (30) years of payments by District 148. The debt of District 148 to District 239 hereunder shall be evidenced, made and secured by a bond issued by District 148 that qualifies the debt as a bond indebtedness of District 148 under Ark. Code Ann. Sect 14-94-123 through 125.

The payments by District 148 in this Paragraph 5, and the estimated costs set forth in Paragraph 4, were derived based on the participation of a third improvement district, District 253, in this project. District 253 would have paid an Annual Assessment of approximately \$4,500.00 towards the estimated costs of this project ("District 253 Annual Assessment"). District 253 is no longer a part of this project. To the extent that the exclusion of the District 253 Annual Assessment from this project necessitates an increase in either the estimated costs or the Annual Assessment of either District 148 or

District 239, those increases shall be borne proportionally between District 148 and District 239.

6. This agreement also constitutes approval of the District 148 Board of Commissioners for the Pulaski County Clerk to release from the lien for the assessment and tax any lot, block, or tract located in the Property with respect to which all of the assessments shall have been paid or prepaid. In that regard, the following procedure shall be utilized to determine the price which must be paid by District 148 or a third party (along with all delinquent special taxes owing and unpaid, late payment fees, and other fees, unless waived by the District) in order to pay all assessments associated with such lot, block, or tract and release it from the lien of District 148's assessment and any lien from the Development Loan ("Lot Release Price"):

The following procedure shall be used to calculate the "Lot Release Price":

- (a) first, District 148's Development Loan Allocation Percentage shall be determined by:
 - (i) first, determine the amount of the total Annual Assessment due from District 148 by adding the Annual Assessments that were due from all lots, blocks, and tracts within District 148 which were subject to the Annual Assessment as of the interest payment date for the Development Loan immediately preceding the date of the calculation of the Lot Release Price ("District 148 Annual Assessment");
 - (ii) second, determine the amount of the total Annual Assessments due from District 148 and District 239 by adding the Annual Assessments that were due from all lots, blocks, and tracts within both of the Districts which were subject to the Annual Assessment as of the interest payment date for the Development Loan immediately preceding the

date of the calculation of the Lot Release Price ("Total Annual Assessment"); and

(iii) third, and finally, divide the District 148 Annual Assessment by the Total Annual Assessment (the "Development Loan Allocation Percentage").

- b) second, the Development Loan Allocation Percentage shall then be multiplied by the outstanding principal balance of the Development Loan as of the interest payment date for the Development Loan immediately preceding the date of the calculation of the Lot Release Price (the "Development Loan Allocated Principal");
- c) third, the Development Loan Allocation Percentage shall then be multiplied by the accrued interest outstanding under the Development Loan as of the interest payment date for the Development Loan immediately preceding the date of the calculation of the Lot Release Price (the "Development Loan Allocated Interest");
- d) fourth, the Development Loan Allocated Principal and Development Loan Allocated Interest shall be added together (the "Development Loan Allocated Principal and Interest");
- e) fifth, the lot, block, or tract's pro-rated share of the principal outstanding under the bonds issued by District 148 shall be determined by dividing the Annual Assessment for the lot, block, or tract in District 148 being released by the total of the Annual Assessment that were due for all lots, blocks, or tracts within District 148 which were subject to the Annual Assessment as of the interest payment date for the Development Loan immediately

preceding the date of the calculation of the Lot Release Price (the "District Allocation Percentage"); and

- f) sixth, and finally, the District Allocation Percentage shall then be multiplied by the Development Loan Allocated Principal and Interest to arrive at the Lot Release Price.

Upon receipt of the Lot Release Price, District 148 shall pay the same to District 239. Upon receipt of the Lot Release Price, District 239 shall issue its authenticated certificate and release to the owner of the lot, block, or tract released and District 148. District 239's certificate shall state that the specific lot, block, or tract is released in full from the obligations and encumbrances set forth in the Agreement, the Sewer Line Extension Contract and Lien, and any Pledge and Mortgage, or similar instrument, delivered by District 148 to District 239, and that all past, present and future obligations to District 239 associated with that lot, block, or tract have been satisfied in full. Upon the payment of the Lot Release Price, District 148 shall issue its authenticated certificate and release to the owner of the lot, block, or tract released. District 148's certificate shall state that the specific lot, block, or tract is released in full from the obligations and encumbrances set forth in any Pledge and Mortgage, or similar instrument, delivered by District 148 to District 239, and that all past, present and future Annual Assessments associated with that lot, block, or tract have been paid in full. District 148 shall deliver a copy of District 148's certificate to the Pulaski County Tax Collector who shall immediately remove said lot from the District 148's special assessment on its taxation books and cease charging the special tax on that lot, block, or tract.

7. Neither party shall be obligated hereunder unless and until District 239 actually engages in closing its project financing with the Arkansas Soil and Water Conservation Commission ("ASWCC") or other lender whereby District 239 can begin making payment for the construction of the Sewer Line. Provided also, District 239 is not obligated to construct the Sewer Line unless and until District 239 actually closes its

project financing with the ASWCC on the terms presently arranged or with the ASWCC or other lender on terms otherwise acceptable to District 239 and District 239 shall use its best efforts to close such funding as promptly as possible.

8. Ownership of the Sewer Line installed hereunder shall remain vested in District 239, its assigns, or the City of Little Rock as applicable, and District 148 shall have the right to connect any sanitary sewer collector lines built within the Property to the Sewer Line (or any sewer lines previously constructed by District 239) at any points of connection approved by the Utility. The right to make such connections is continuous and subject to satisfaction of all applicable requirements of all governmental authorities and agencies thereof. All responsibility for and costs and fees connected with the physical connection to such lines by District 148 shall be borne by District 148.

9. In addition to the payments described in paragraph 5 above District 148 agrees to convey to District 239 at no charge to District 239 the permanent and temporary sanitary sewer right of way easements necessary to construct the Sewer Line through the Property specifically along the permanent easement route shown and highlighted on Exhibit "B." District 148 shall be given ample time to review and comment on the final plans and specifications for the construction of the Sewer Line over the Property prior to construction. The easement shall be as required by the Utility for the construction and maintenance of the Sewer Line and the permanent easement shall be 15 feet wide and the temporary construction easement shall be 20 feet wide.

10. District 148 acknowledges and agrees that any "tie-on" or "connection fees" that may be or are charged any third-party properties or property owners as a result of connecting any sewer lines lying outside the boundaries of the Property to any sewer lines built by District 148 or its assigns that flow or will flow through the Sewer Line constructed by District 239 will be chargeable and collectable by District 239 and not by District 148 and shall be used as a prepayment to the outstanding balance of District 239's project financing encumbrance or may be used to roll-down or reduce the payments

to be paid by District 239 on the project financing encumbrance and by District 148 under its Sewer Line Extension Contract and Lien as may be possible, or a combination of prepayment and lowering of payments, as the Commissioners of District 239 may determine. District 148 hereby assigning any such right District 148 has or may have to such fees, if any, to District 239.

11. This is a contract for installation of the Sewer Line and appurtenant facilities in connection therewith, and is not a contract for sewer service. District 148 acknowledges that it shall be obligated to contract with the Utility to obtain sewer service at rates, and upon other terms and conditions including but not limited to any deposit, which shall be in effect from time to time. District 148 acknowledges that District 239 has made no representation or warranty concerning what sewer rates, terms or conditions the Utility will charge or make now or in the future. District 148 acknowledges that the furnishing of sewer collection and treatment by the Utility is a governmental function and that District 239 has no responsibility in connection therewith beyond the construction of District 239's collector system shown on Exhibit "B" hereto the ownership, operation and maintenance of which are contemplated to be taken and assumed by the City of Little Rock for the Utility.

12. The Sewer Line constructed by District 239 within the boundaries of the Property pursuant to this contract shall be as shown on the drawings attached hereto as Exhibit "B" and as otherwise described in paragraph 3 above. Once the sewer line has been fully constructed pursuant to those requirements and otherwise in accordance with other provisions of this contract and operation and maintenance accepted by the City of Little Rock, Arkansas, District 148 acknowledges, represents and warrants that the failure for any reason to connect any improvement on the Property to the Sewer Line, or damage to or destruction of the Sewer Line or the District's system, or any other circumstance or occurrence that may arise after installation of the Sewer Line, shall not excuse, release, abate, forbear or discharge District 148 from District 148's obligations hereunder; and,

neither shall District 239 be obligated to repair or replace any such damage after the sewer improvements have been constructed pursuant hereto and maintenance of the improvements assumed by the Utility or another governmental entity.

13. To secure the obligation of District 148 to pay the sums pursuant to or described in paragraph 5 hereof, District 148 does hereby agree to pledge, assign, transfer, set over, deliver, grant, bargain, sell and convey unto District 239 and unto its successors and assigns forever, the Property, the special assessments or taxes levied by District 148 and the right and power to assess and levy special assessments or taxes that District 148 may assess and levy or has a right to assess and levy pursuant to law, expressly thereby granting District 239 a lien thereof, provided the conveyance will be on the condition that if District 148 shall pay or release all sums secured hereby, at the time and in the manner aforesaid, then the conveyance will be null and void. District 148's obligation to make and convey this lien shall be conditioned upon District 239 satisfying the conditions set forth in paragraph 4 hereof and upon such satisfaction, and the closing of the project financing encumbrance identified in paragraph 4 of the Agreement between the parties executed simultaneously herewith, District 148 shall convey to District 239 the lien referred to herein as stated in Exhibit "C" attached hereto and incorporated herein. Upon the failure of District 148 to pay or release the whole or any part of the sums pursuant to or described in paragraph 5 hereof, District 239 shall have the right and option to declare all sums due hereunder and secured by said lien to be immediately due and payable, which option may be exercised at any time after default, and no delay in the exercise thereof shall be deemed a waiver of such right, nor shall any notice of intention to exercise such option be necessary. Furthermore, in the event of such default after the granting of said lien, District 239 shall have the right to foreclose the Property, the special assessments or taxes levied by District 148 and the right and power to assess and levy special assessments or taxes that District 148 may assess and levy or has a right to assess and levy pursuant to law, by judicial proceedings and shall be entitled to collect all

expenses in connection with such foreclosure, including, but not limited to reasonable attorneys' fees, as well as exercise any other remedies permitted by law including enjoining the continued use of the Sewer Line by the Property and the collection of all expenses in connection therewith, including, but not limited to, reasonable attorney's fees. District 148 intends that said lien on the Property, the special assessments or taxes levied by District 148 and the right and power to assess and levy special assessments or taxes that District 148 may assess and levy or has a right to assess and levy pursuant to law, when granted, shall run with the land. Further, the parties hereto specifically understand and agree that the lien herein, when granted, shall be continuing in nature; in this respect said lien is intended to secure "future extension of credit" which includes future annual charges.

14. Following completion of construction of the Sewer Line, District 239 shall be obligated to fill all excavated areas within the Property with good quality fill material, to restore the original contours of the Property that are disturbed by the construction of the Sewer Line to the contours existing prior to such construction to the extent it is practical to do so and to smooth and seed the surface of the easement ways to retard erosion and to otherwise restore the easement surface to as good a condition as it was prior to the construction of the Sewer Line to the extent it is practical to do so. However, District 148 recognizes that trees may be removed from the easement ways and replacement trees will not be planted by District 239.

15. This contract shall be binding upon the parties hereto, their successors and assigns. Any purchaser, successor, or assignee of any portion of the Property shall have the same rights as District 148 under this contract, but only for the purpose of connecting that portion of the Property conveyed or assigned to the Sewer Line. Provided however, District 148 shall not sell, assign or otherwise transfer any Sewer Line flowage capacity not utilized by the Property without the prior written consent of District 239 and the Utility which consent may be unreasonably withheld.

16. This contract shall be construed and interpreted in accordance with the laws of the State of Arkansas.

17. Any waiver by either party of any provision or condition of this contract shall not be construed or deemed to be a waiver of that or any other provision or condition of this contract, nor a waiver of a subsequent breach of this same provision or condition, unless such waiver be so expressed in writing and signed by the party to be bound.

18. The parties agree that any delay or failure of either party to perform its obligations under this contract, shall be excused if and to the extent caused by acts of God, strikes, actions of regulatory agencies, fire, flood, wind storm, explosion, riot, war, sabotage or other cause or causes beyond the reasonable ability of the party affected to control, provided that prompt notice of such delay is given by such party to the other and each of the parties hereto shall be diligent in attempting to remove such cause or causes.

19. Any capitalized term used in this agreement shall have the meaning as defined in this agreement. If a capitalized term is not defined in this agreement, it shall have the meaning as defined in the Agreement executed by and between the parties hereto simultaneously herewith:

20. If any part or provision of this Contract shall be deemed invalid or unenforceable, the remaining parts and provisions shall be valid and enforceable as though the invalid or unenforceable part or provision had not been included.

IN WITNESS WHEREOF District 239 and District 148 have executed this Agreement on the 5th day of May, 2000.

SUBURBAN SEWER IMPROVEMENT
DISTRICT NO. 239 OF PULASKI
COUNTY, ARKANSAS

By: 
Mark Lyons, Commissioner

By: 
Pat Dillard, Commissioner

PROPERTY OWNER:

CAPITOL LAKE SEWER PROPERTY
OWNERS' IMPROVEMENT DISTRICT
NO. 148 OF THE CITY OF LITTLE
ROCK, ARKANSAS

By: _____
David Paes, Chairman

By: _____
Ann Aldridge, Secretary

By: _____
Mary Peyton

By: _____
Pat Dillard, Commissioner

PROPERTY OWNER:

CAPITOL LAKE SEWER PROPERTY
OWNERS' IMPROVEMENT DISTRICT
NO. 148 OF THE CITY OF LITTLE
ROCK, ARKANSAS

By: _____
David Paes, Chairman

By: _____
Ann Aldridge, Secretary

By: _____
Mary Peyton

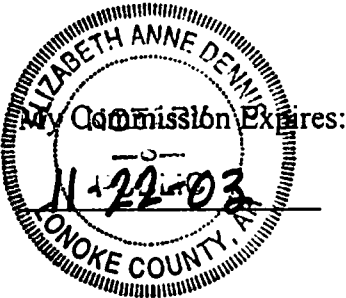
ACKNOWLEDGMENT

STATE OF ARKANSAS)
)ss
COUNTY OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, Mark Lyons, to me well known, who stated that he, as one of the Commissioners of the Board of Commissioners of Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this 5th day of May, 2000.

Elizabeth Anne Dennis
Notary Public



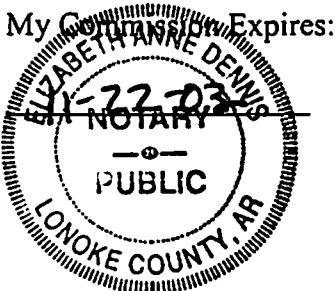
ACKNOWLEDGMENT

STATE OF ARKANSAS)
)ss
COUNTY OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, Pat Dillard, to me well known, who stated that he, as one of the Commissioners of the Board of Commissioners of Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this 5th day of May, 2000.

Elizabeth Anne Dennis
Notary Public

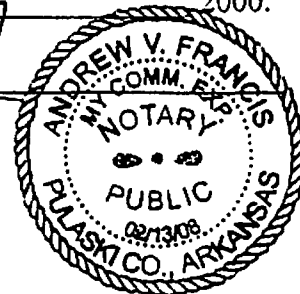


ACKNOWLEDGMENT

STATE OF ARKASNAS)
) ss
COUNTY| OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, David Paes, to me well known, who stated that he, as one of the Commissioners of the Board of Commissioners of Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this 5 day of May 2000.
NR
Notary Public



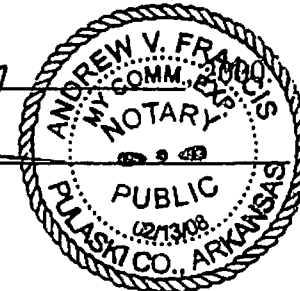
My Commission Expires:

ACKNOWLEDGMENT

STATE OF ARKASNAS)
) ss
COUNTY| OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, Ann Aldridge, to me well known, who stated that she, as one of the Commissioners of the Board of Commissioners of Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this 5 day of May 2000.
NR
Notary Public



My Commission Expires:

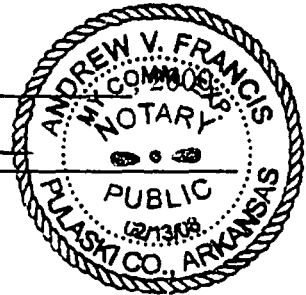
ACKNOWLEDGMENT

STATE OF ARKASNAS)
) ss
COUNTY OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, Mary Peyton, to me well known, who stated that she, as one of the Commissioners of the Board of Commissioners of Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this 5 day of May

[Signature]
Notary Public



My Commission Expires:

C:\WINWORD\1\MS039\EXTENSNS.DOC

EXHIBIT A

LEGAL DESCRIPTION FOR CAPITOL LAKES SEWER PROPERTY OWNERS IMPROVEMENT DISTRICT NO. 148 OF THE CITY OF LITTLE ROCK, ARKANSAS

Part of the NW1/4 and the N1/2 of the SW1/4, Section 7, Township 1 North, Range 13 West, Pulaski County, Arkansas, more particularly described as follows:

Beginning at the NW corner of the NW1/4, NW1/4, Section 7, T-1-N, R-13-W; thence S 87°18'23"E along the North line of said NW1/4, NW1/4 a distance of 1244.38 feet to a point at the NE corner of said NW1/4, NW1/4; thence S 01°24'07"W along the East line of said NW1/4, NW1/4 a distance of 1300.06 feet to a found 1" pipe at the NE corner of the SE1/4, NW1/4, Section 7, T-1-N, R-13-W; thence S 88°36'38"E along the North line of said SE1/4, NW1/4 a distance of 1312.67 feet to a found 1" pipe at the NE corner of said SE1/4, NW1/4; thence S 01°45'12"W along the East line of the NE1/4, SW1/4, Section 7, T-1-N, R-13-W a distance of 2619.46 feet to a found concrete monument at the SW corner of the said NE1/4, SW1/4; thence N 88°50'38"W along the South line of said NE1/4, a distance of 1318.29 feet to a found concrete monument and the SE corner of the NW1/4, SW1/4; thence N 88°52'27"W along the South line of said NW1/4, SW1/4 a distance of 494.58 feet to a set #4 rebar; thence N 01°07'33"E for a distance of 100.00 feet to a set #4 rebar; thence N 88°52'27"W for a distance of 238.00 feet to a set #4 rebar; thence S 18°48'27"E for a distance of 106.37 feet to a set #4 rebar on the South line of said NW1/4, SW1/4; thence N 88°52'27"W along the South line of said NW1/4, SW1/4 a distance of 53.28 feet to a set #4 rebar; thence N 18°48'27"W for a distance of 223.05 feet to a set #4 rebar; thence N 88°52'27"W for a distance of 169.30 feet to a found rebar; thence S 01°00'58"W for a distance of 209.63 feet to a found rebar on the South line of the said NW1/4, S/W1/4; thence N 88°53'16"W along the South line of said NW1/4, SW1/4 for a distance of 250.33 feet to a found concrete monument at the SW corner of said NW1/4, SW1/4; thence N 01°43'37"E along the West line of the NW1/4, SW1/4 and the NW1/4 of said Section 7, a distance of 3958.96 feet to the NW corner of the NW1/4, NW1/4, Section 7 and the Point of Beginning, containing 190.624 acres, more or less.

CVAL DESIGN, INC.
11440 CLEVELAND RD
LITTLE ROCK, AR 72205

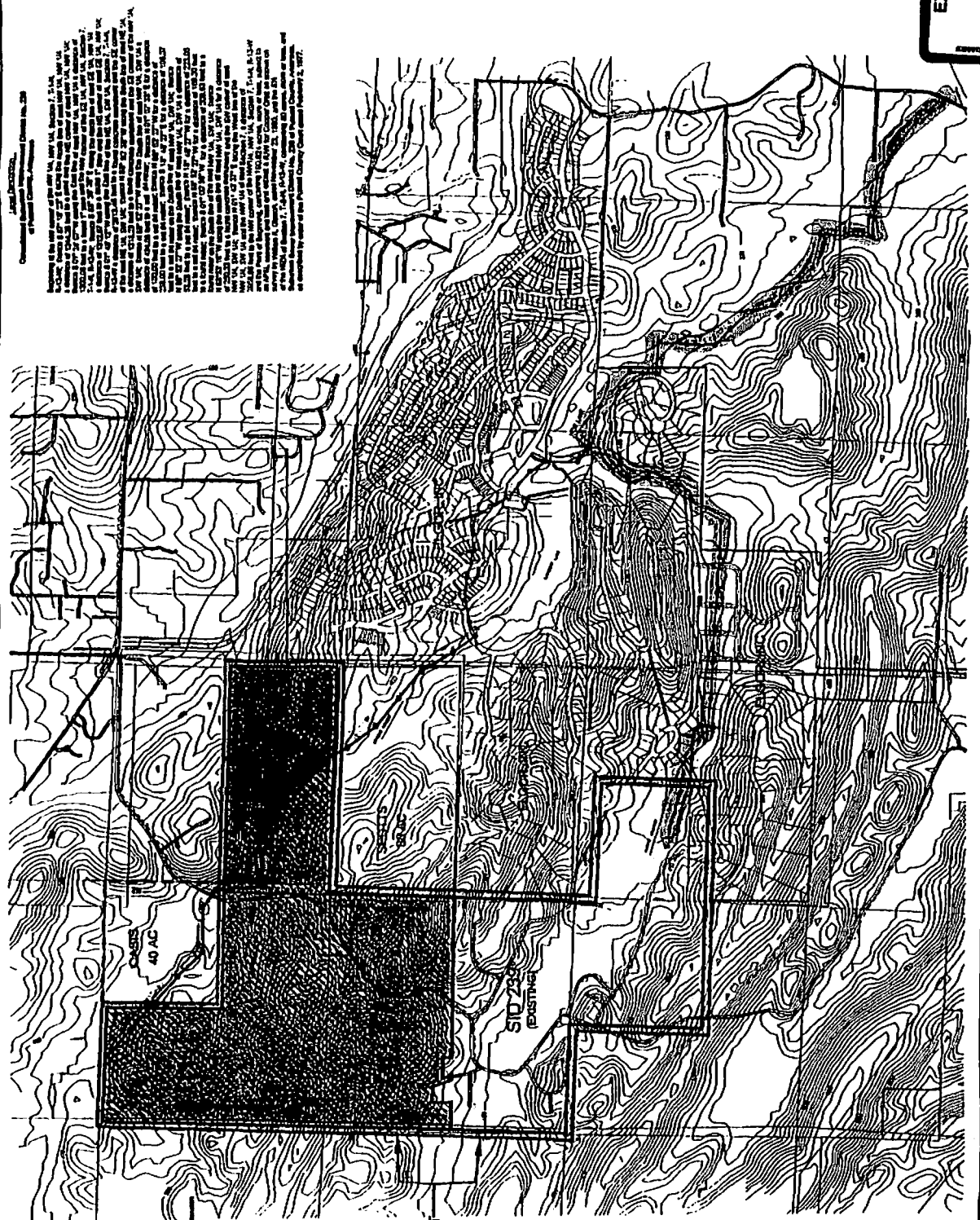
AREA MAP

Q10	1/1/2025	1/1/2025
Q11	1/1/2025	1/1/2025

12 1 81	10 03-04-81
10 03-04-81	10 03-04-81

INDEX

DATE	07	WAS	1-02	0111
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LEGAL DOCUMENTS
Continuation of Declaration of Assets (Form No. 208)
of Edward Charles Galt, Attorney

CONSOLIDATED
SEWER IMP. DISTRICT
NO. 239



SCALE: 1" = 600'

- LEGEND**
- | | | | |
|---|------|---------------------|---------------------|
|  | None | NO 24 Annual Census | Count Date of 12/77 |
|  | NO | Count Name Census | Count ID |
|  | NO | Count Name Census | Count ID |
|  | NO | Count Name Census | Count ID |
- Page 24 of 24
- Count Date of 12/77

Lien

Know All Men By These Presents:

That Capitol Lakes Sewer Property Owner's Improvement District 148 of the City of Little Rock, Arkansas ("District 148"), an Arkansas municipal property owners' improvement district, for valuable consideration to District 148 in hand paid by Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas (District 239), an Arkansas suburban improvement district, does hereby pledge, assign, transfer, set over, deliver, grant, bargain, sell and convey into District 239 and unto its successors and assigns forever, the Property described in Exhibit "A" attached hereto and incorporated herein, the special assessments or taxes levied by District 148 and the right and power to assess and levy special assessments or taxes that District 148 may assess and levy or has a right to assess and levy pursuant to law, expressly hereby granting District 239 a lien thereof, provided this conveyance is on the condition that if District 148 shall pay District 239 the Annual Assessments in the amount of \$63,205 as provided in the Sewer Line Extension Contract and Lien between Districts 148 and 239 dated _____, 2000 (the "Sewer Contract") and as that amount may be adjusted pursuant to the Sewer Contract, at the time and in the manner required by the Sewer Contract, then this conveyance shall be null and void. Upon the failure of District 148 to pay the whole or any part of the Annual Assessments, District 239 shall have the right and option to declare all sums due pursuant to the Sewer Contract and secured hereby to be immediately due and payable, which option may be exercised at any time after default, and no delay in the exercise thereof shall be deemed a waiver of such right, nor shall any notice of intention to exercise such option be necessary. Furthermore, in the event of such default, District 239 shall have the right to foreclose the Property, the special assessments or taxes levied by District 148 and the right and power to assess and levy special assessments or taxes that District 148 may assess and levy or has a right to assess and levy pursuant to law, and assert its lien holder rights by judicial proceedings and shall be entitled to collect all expenses in connection with such proceedings, including, but not limited to reasonable attorneys' fees, as well as exercise any other remedies permitted by law including enjoining the continued use of the Sewer Line by the Property and the collection of all expenses in connection therewith, including but not limited to, reasonable attorney's fees. District 148 intends that this lien on the Property, the special assessments or taxes levied by District 148 and the right and power to assess and levy special assessments or taxes that District 148 may assess and levy or has a right to assess and levy pursuant to law, shall run with the land. Further, the parties hereto specifically understand and agree that the lien herein granted shall be continuing in nature; in this respect the lien hereby granted is intended to secure " future extensions of



credit" which includes future annual charges. If any part or provision of this Lien shall be deemed invalid or unenforceable, the remaining parts and provisions shall be valid and enforceable as though the invalid or unenforceable part or provision had not been included.

Witness our hands and seals on this _____ day of _____, 2000.

Capitol Lakes Sewer Property Owner's
Improvement District No. 148 of the
City of Little Rock, Arkansas

By: _____
David Paes, Chairman

Ann Aldridge, Secretary

Mary Peyton

ACKNOWLEDGMENT

STATE OF ARKASNAS)
) ss
COUNTY OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, David Paes, to me well known, who stated that he, as one of the Commissioners of the Board of Commissioners of Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this ____ day of _____, 2000.

Notary Public

My Commission Expires:

ACKNOWLEDGMENT

STATE OF ARKASNAS)
) ss
COUNTY OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, Ann Aldridge, to me well known, who stated that she, as one of the Commissioners of the Board of Commissioners of Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this ____ day of _____, 2000.

Notary Public

My Commission Expires:

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss
COUNTY OF PULASKI)

BE IT REMEMBERED that on this day appeared before me, Mary Peyton, to me well known, who stated that she, as one of the Commissioners of the Board of Commissioners of Capitol Lakes Sewer Property Owners' Improvement District No. 148 of the City of Little Rock, Arkansas, executed the foregoing Instrument for the consideration and purposes therein contained and set out.

WITNESS my hand and seal on this ____ day of _____,
2000.

Notary Public

My Commission Expires:

IN THE COUNTY COURT OF PULASKI COUNTY, ARKANSAS

In the Matter of Suburban Sewer
Improvement District No. 239 of
Pulaski County, Arkansas

COMMISSIONERS' REPORT

On this 6 day of April, 1993, we, the undersigned Commissioners of Suburban Sewer Improvement District No. 239 of Pulaski County, Arkansas, a suburban improvement district of Pulaski County, Arkansas (the "District"), respectfully report that with the appointment of Dr. Robert (Bob) Parker, No. 1 Cooper Orbit Road, Little Rock, Arkansas 72210, as an additional commissioner to fill the vacancy on the District's Board of Commissioners, the Commissioners now number three with Mark Lyons as Chairman, Mark Lyons as Secretary and Pat Dillard as Treasurer of the Commission.

We further report that the firm of Civil Design Incorporated is retained as engineers for the District and J. Mark Spradley of the firm of Kemp, Duckett, Hopkins & Spradley is retained as the attorney to represent the District.

Respectfully submitted,

Suburban Sewer Improvement District
No. 239 of Pulaski County, Arkansas

Mark Lyons
Mark Lyons

Pat Dillard
Pat Dillard

Robert (Bob) Parker
Robert (Bob) Parker

**BACKGROUND
CONTINUED**

It is again necessary to take care of certain business for the District and property owner Commissioners can still not be obtained. So, this resolution reappoints the persons selected before – Alan King, Mark Spradley, Andrew V. Franchis – to conduct ministerial business for the District. This appointment is not temporary in the sense that it remains in effect until other Commissioners can be selected. However, the resolution notes that as soon as a property owner in the District willing to serve as a Commissioner is found, then the Board is to be notified so the appropriate amendment to the Commission membership can be made.