

Minutes and Resolutions of Meeting of Directors of
Salem Water Users Associations, Inc. a/k/a
Salem Water Users Public Authority of the State of Arkansas, Inc.

I, the undersigned, hereby certify that I am the Secretary of Salem Water Users Association, Inc., a/k/a Salem Water Users Public Water Authority of the State of Arkansas, Inc. ("Salem Water") a corporation organized under the laws of the State of Arkansas, and that a regular meeting of the Board of Directors of said corporation was duly called and held on the 17th day of August, 2026, the following motions and actions were adopted, to wit:

Meeting was called to order at 6:00 p.m.

Board Members present: Dickie Kentner, Gary Winkler, David Finney, Chris Apple, Brett Chumley

Office Staff present: Billy Scott, Nikki Townsend,
Boyd Bierbaum

Consultants present: Vernon Williams, Jeff Richardson, Michael Storey

FOIA Roll call- everyone good.

Previous Minutes were presented. A Motion was made by David Finney, seconded by Gary Winkler to accept the minutes. Motion passed.

Rate Discussion-

Salem water has not raised their rates until last year. Spent \$9,000,000 on the Reed tank in 2024, decided not to raise rates at that time.

Inflation went up, we raised the rates 8%

Reasons for a rate increase-

Communities Unlimited did a rate study. The board detailed a list.

1. Reed Road Tank \$9,000,000
2. Replacing Vehicles
3. 5 Office Workers, 20 service technicians
4. Began Meter Change outs to drive by meters, will pick back up on that.
5. Tank Maintenance- Mandated by the Health Department
6. License and Training for employees
7. Pipe and parts, meters, fire hydrants, vehicle maintenance
8. New Scada system needed
9. Wage increases and benefits to keep up with competition

10. Retain 5% of revenue for Act 605
11. Retain 10% of revenue paid by Avilla customers. This is reviewed every year to try to lower the Avilla debt payment.
12. Springhill Rd widening- 3.8 million dollars at Salem Water Users expense.
13. Cyber Attacks, have a consultant on call to stay protected
14. CPI- should look at a 3% increase every year
15. State has mandated us to make an increase

Options for Rate increase shown:

Option 1

Base Rate- \$28.03 per 2,000 gallons

Volumetric Rate- \$11.10 per 1,000 gallons

Option 2

Base Rate- \$29.50 per 2,000 gallons

Volumetric Rate- \$10.61 per 1,000 gallons

Option 3

Base Rate- \$31.35 per 2,000 gallons

Volumetric Rate- \$9.99 per 1,000 gallons

Recognition of Guests-

Mike Rushing, what percent is the increase? Why do we have to pay for Springhill Road widening?

-7% increase

-historically utility companies have to pay.

Keith Reisma, how do radio read meters work? Does this call for less employees? Act 605, at the end of the year, do you have to continue?

-Meters can be read from 2 miles away

-No, we still need employees for maintenance

-Yes, every year

Mark Talbert, can water departments ask for donations? Where does the revenue come from? Can you find 200 churches to give \$417/mo. For 12 months to donate to Salem Water Users?

-Revenue comes from customer payments

-We would have to check with the attorney about donations

Scott, there are neighborhoods popping up everywhere, is that projected in the numbers?

-Yes, the master plan shows customer projections

April Reisma, Avilla debt was lowered too much? Why wasn't raising the Avilla debt in the proposal?

-The decision was made not to; everyone benefits from the system so the raise was proposed for the whole organization

Jimmy Misenheimer, we are still paying the Avilla debt and it will never be paid off, we were the first to pay, when new customers come on the people that have been paying for a long time should be grandfathered in and not have to pay the debt anymore.

-You are welcome to come to a board meeting; we can discuss it and talk to our attorney about it.

Dan Davis, I had a leak at my house, Water Users came and fixed it. 2 days later it was leaking again. A month ago, there was another leak. Employees need more training.

Paul Bull, Springhill Road widening, can we curve & gutter Springhill Road? Vernon Williams, explains the plan, needs to be a 12" main.

Old business-

A motion was made to go with option 1 rate increase.

The new rates for Salem Water Users will be:

Base Rate- \$28.03 per 2,000 gallons

Volumetric Rate- \$11.10 per 1,000 gallons

Motion was made by Gary Winkler, seconded by Chris Apple. Motion accepted.

Starting in 2027- a motion was made to do an annual increase based on the CPI. Motion made by Gary Winkler, seconded by Brett Chumley. Motion accepted.

These are more specifically reflected in a separate resolution adopted by the Board.

Election of Treasurer for Salem Water Users. Gary Winkler nominated Chris Apple. Position accepted. Motion made by Gary Winkler, seconded by Brett Chumley. Motion accepted.

Meeting Adjourned 7:42 P.M.