

MINUTES

BOARD OF DIRECTORS MEETING

MAY 7, 2007, AT 7:00 P.M.

The regular meeting of the Board of Directors was held on Monday, May 7, 2007, at 7:00 p.m., Board Chambers, City Hall, with Mayor Mike Bush presiding.

The invocation was given by Mr. Steve Birdwell, and Pledge of Allegiance to the Flag was led by Mayor Bush.

Mayor Bush called the meeting to order at 7:00 p.m.

1 Roll Call

Roll call was as follows: Present: Directors Peggy Maruthur, Elaine Jones, Steve Smith, Carroll Weatherford, Bill Edwards, Tom Daniel, and Mike Bush, total 7.

2 Approval of Agenda

A motion was made by Director Edwards, duly seconded by Director Maruthur, that the agenda be approved; and upon voice vote, the motion unanimously carried.

3 Approval of Minutes of April 16, 2007 Board Meeting

A motion was made by Director Daniel, duly seconded by Director Edwards, that the minutes of the April 16, 2007 Board Meeting be approved; and upon voice vote, the motion unanimously carried.

4 Recognition of Guests

Police Chief Bobby Southard introduced two new police officers who started to work with the City in April (Mr. Christopher Cogburn from Pine Bluff and Mr. Patrick Langley from the Department of Corrections).

5 **Acknowledgment of Financial Statements for November 2006 through March 2007**

The Financial Statements for November 2006 through March 2007 are on file in the Finance Office and Treasurer's Office for review by the Board and the public.

CONSENT AGENDA

The Consent Agenda consisted of the following:

6 **Public Safety Report** (April 25, 2007).

7 **Budget Transfer -\$12,000** (Professional Services - 2006 CAFR).

8 **Proposed Resolution No. R-07-97** Accepting Certain Bid Awards (a) Pavilion at Entergy Park - Parks [awarded to DCJ Construction in the amount of \$54,234]; (b) Cold Milling - Public Works [annual supply contract awarded to Midwest Asphalt]; (c) Hydraulic Hammer - Utilities [awarded to J. A. Riggs in the amount of \$27,995]; (d) Water Meters (auto read) - Utilities [annual supply contract awarded to HD Supply]; (e) Sale - Sanitation Unit - Sanitation [awarded to Jimbill Disposal]; (f) Sale of Youth Center - Parks (**Reject Bid**).

9 **Proposed Resolution No. R-07-98** Authorizing the Filing of a Grant Application with the Federal Emergency Management Agency 2007 Fire Act Grant Program.

10 **Proposed Resolution No. R-07-99** Appointing Esther McKeever to the Airport Advisory Committee.

11 **Proposed Resolution No. R-07-100** Appointing Bill Watson and Karen Garcia to the Transportation Advisory Committee.

- 12 Proposed Resolution No. R-07-101** Amending Resolution No. 4647 by Deleting the Animal Control Advisory Committee from the Requirements of Said Resolution.
- 13 Proposed Resolution No. R-07-102** Authorizing the Mayor to Execute a Quitclaim Deed for Certain Real Property in Washington Heights Subdivision.
- 14 Proposed Resolution No. R-07-103** Awarding a Contract for Engineering Services to Crist Engineers, Inc. for Molly Creek Pump Station Improvements.
- 15 Proposed Resolution No. R-07-104** Awarding a Contract for Engineering Services to Engineers, Inc. for Fairwood Force Main Wastewater Line Replacement.
- 16 Proposed Resolution No. R-07-105** Authorizing the Mayor to Execute a Lease Agreement with Essential Food Group, LLC for Certain Real Property Located at 325 Broadway.

A motion was made by Director Daniel, duly seconded by Director Jones, that the Consent Agenda be approved; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried.

PUBLIC HEARING

17 Public Hearing on Issuance of \$8,300,000 Capital Improvement Revenue Bonds for a New Municipal Building and Land Acquisition

This being the time and date set for a public hearing on the issuance of \$8,300,000 capital improvement revenue bonds for a new municipal building and land acquisition, Mayor Bush declared the public hearing open.

Mayor Bush recognized Mr. Paul Young, with Morgan Keegan, who advised that they have gone to market and sold the bonds; and the City received an A+ rating on the bonds, which worked to the City's benefit and helped reduce the costs to below what was originally estimated, particularly in a cost of insuring the bonds to make them Triple A rated and thereby get the lowest possible interest cost in the transaction. He noted that the insurance was well below half of what they actually budgeted in their earlier numbers. He distributed a summary showing the highlights of the transaction including the bond cost, bond interest cost, and the bond yield, which not only includes the interest cost paid on the bonds but also the cost of the insurance. He stated this is 4.08 percent, and the numbers shown previously were a little more than 4.20 percent. Effectively, there is a 25- year financing for this project at just over 4 percent, which is a very attractive financing cost. He mentioned the bonds were sold based on the understanding or expectation with the adoption of the authorizing ordinance, the bonds would close on June 13. He said he is aware there has been some discussion or consideration or an election related to this issue; and if the matter were turned over to an election, then basically that would cancel this particular sale.

Mr. John Vines, 100 Blue Sage Court, District 6, Chair of the Greater Hot Springs Chamber of Commerce, advised that a resolution was passed by their Board last week and was initiated in their Metro Task Force, chaired by Dan Messersmith, former chair of the Chamber; and the Task Force made a unanimous referral to the Executive Board. The Executive Board met, took a vote, polled its Executive Board members, and passed it unanimously. It was then forwarded to the full Board for consideration and comes with the unanimous endorsement of the Greater Hot Springs Chamber of Commerce Board.

Director Maruthur questioned how many of the people that are on the GCEDC live in the City, and Mr. Vines replied that he is not representing the GCEDC but the Chamber Board. He said if they do reside in the County, a majority would have a business interest at least in the City, but he would estimate at least two-thirds or three-quarters are City residents, if not more.

Mr. Nyle Cearlock, 107 Saddlebrook Court, District 6, commented there is an excess of over \$2 million in tax money collected to operate the Convention Center; and the City wants to allocate that \$2 million toward building a new City Hall. He said when he heard the City wanted to shift money from the project it was collected for to a project that it was not intended for, he thought it was illegal. He commented he has since been informed that some "slick-tongued rascal" at City Hall played a "cute trick" on them when writing the original law to collect the tax for the Convention Center, and it seems as though he or she added a phrase that the money could be used for other purposes. He said when this occurs, citizens need to say "no" when they want more money. He asked that the voters decide if they want a new City Hall.

He stated if they are on firm ground with their facts and the City can convince the citizens of Hot Springs that it is really needed, they should not be hesitant in letting the people decide.

Director Daniel asked for clarification from the City Attorney, and City Attorney Brian Albright advised it was Amendment 62 to the Arkansas State Constitution that requires any excess proceeds in place after the taxes are paid. He added the bonds are retired and must go into the General Fund to be used by the City for any lawful purpose.

Mr. John Selig, 467 Peninsula Drive, said he has been impressed over the last twenty (20) years with the progress the City has made, such as a new Convention Center, the Summit Arena, fire stations, police station, and the Transportation Plaza. He pointed out the City has an opportunity to take another step forward and vote to authorize the building of a new City Hall. He added it is common sense to have all of the City offices and City staff in one area, not only because it would be more efficient and effective but from the citizens' standpoint to be able to have one location where they can take care of the services that are now spread out in three or four areas. He stated the Board has the authority to recommend this and to vote on it without adding any new taxes, and he supports it.

Mr. Dave Byerly, 413 Pauline, District 6, said there are representatives from GCEDC and the Chamber of Commerce who spoke from those organizations and are in support of the community moving forward with the construction of a City Hall based on the information that they received from the City. He urged the Board to continue on that path and is encouraged by the steps being taken tonight.

Mr. Ted Burhenn, 318 Trapp Mountain, said he lives outside the city and is not opposed to a new City Hall. Also, he is not against the rates the City is attaining for this project. However, his objection is that 2½ months ago, no one was aware there was a surplus; but suddenly there is a surplus. Also, he stated there is not a need to increase the services in the City; but they can use those funds, which were promised when they voted for the gaming that the citizens were going to get better streets, etc. However, that is being taken away from the people and saying there are no new taxes. If there are not going to be any new taxes, he questioned why the word "tax" is being changed to "fees." Also, if there are not going to be any new fees, he asked how the City is going to replace those fees that are being used for this project. He stressed that the people should have the right to decide for themselves.

Mr. Bob Driggers, 3 Stonegate, said that he resides outside the city limits and agrees with Mr. Buhenn but is taking strong exception to consolidating Items 17 and 18. Mayor Bush

advised that they will not be consolidated and will be handled separately. Mr. Driggers said he is referring to the public comment section.

Mr. Casey Jones, 133 Circle Drive, District 1, and President of the Park Avenue Community Association, stated the people of the City deserve the right to be able to determine from the facts and circumstances whether the costs and expenditures of the present buildings that are being used can be outweighed by the cost over the next 25 years of a new investment of which his understanding is there are no plans for and do not know if in ten years that building is going to need to be added onto at an even more expensive cost. He stressed that he is not speaking for or against the building but is referring to continued public involvement. He mentioned that Mr. Selig referenced the improvements, and there has been numerous improvements, but most of those were occasioned by a vote of the people of the City. He pointed out they are not against the Board but just want a chance to be involved.

Director Maruthur stated that people have died for freedom and the right to vote, and tonight the Board has the opportunity to allow the voters to decide if they want to commit \$519,000 of their water bill franchise fee charge tax collected every year to be applied to a new City Hall for the next 25 years. She mentioned this franchise tax fee charge adds up to about \$13 million, and the voters of Hot Springs have no say regarding how much their franchise charges are or will be. She noted an increase could be decided on at any point in time; and should the City want or need to increase their revenues by increasing the water franchise charge, the people of Hot Springs will have to pay for it, or they will have their water turned off. She stated the only way the voters can have any voice about a 25-year commitment of their funds is if the Board vote "yes" tonight to allow them to exercise their right to vote on this bond issue. She questioned why would any Board Member deny the citizens the right to exercise their vote about their own financial future. She stated if the outcome tonight by the Board is in favor to approve the bond issue without a vote from the people, that guarantees a sure thing; and the Directors will be committing the tax payers' money for the next 25 years without the opportunity for an election. She commented if the Directors feel so sure that this building is necessary to be done right now, then surely they trust the voters will feel the same way. She said if they are concerned about the outcome of an election, it is her opinion that the Directors do not feel very confident that the voters will agree with what the Directors are seeking, and that is a new building. She pointed out that no one voted the Directors in office for four (4) years to make a decision for their money to be committed for the next 25 years. She stated the Board needs to make sure it is able to provide the people with the same services that the City now provides or according to the strategic plan survey that was put out by the City Manager last year. She noted the citizens wanted improvements all over the City; and according to the study and out of the entire survey, only one citizen put down a new City Hall. She asked that the Directors allow

the citizens to tell them what they want the Board to do with their money, and the Board can respond to the voters' decision. She commented the City can begin an informational campaign with all of the facts and figures needed so the voters can make an informed decision. She pleaded that the Board allow the voters to exercise their right to vote.

Director Daniel said the only problem he has is two weeks ago, she mentioned that this was being done; and the City had this money but did not give the City employees a raise, which is not quite accurate because the City did give them all a raise this past year (3.66 percent after the job audit), and many received more than 3.66 percent. He said the other thing that concerned him about that same thing is that the Board is always talking about the employees and the people but does not want to think about building a new facility and environment for them to work in when they have a building that leaks every time it rains and inadequate parking, and inadequate drive-thru for the citizens to pay their utility bills without scraping their car. He pointed out there are many things here that are public safety related, and safety and welfare of the City's employees every day because the City would not be willing to give them a new facility. He mentioned another issue that concerns him is that Director Maruthur, Mr. Driggers, and others have said they not against a new City Hall. He said if those are the voices of the people, the Directors will be the ones who will lead and will go out and solicit people to vote for it. He stated that Mr. Driggers has said he will get people to vote for it but just let them vote; and he will be out working to get them to vote for it. He questioned if they are willing to go out and work to get it passed, then why would there be a need for an election. He said his main concern is the Metro group is going to pay for the election so the citizens get an opportunity to vote. He pointed out that the City did not know earlier the property would be for sale because that building was being utilized by the Department of Health and Human Services. When it became available and then the \$2 million came about by State law and was given to the City on a windfall, the City did not know that was going to happen and did not know exactly when the Convention Center was going to pay off, nor how much money the City would be getting. He said the Board is going to look after the employees and the people of the City. He added the Board owes it to them to go ahead and have a new City Hall that he hopes will last 40 years into the future.

Director Maruthur commented that she only speaks for herself and is not with Mr. Driggers.

She said she will support the building of a new City Hall if it is cost effective and is not opposed to the purchase of the land. However, she does not see any need without a spreadsheet and measurements and the information necessary to make a decision. She stressed that she is not opposed to a new City Hall but does not want to see the City get into something that will not be relevant in 25 years. She stated she has not seen a plan of the details of the building, and her

understanding is that it is 24 percent larger than the present facility. She pointed out she does not know what is needed, and there has been very little information. She said that she was first told in a one-to-one meeting that it was going to be the entire block up into Doug Arnold's office. She spoke to the City Attorney Brian Albright about that, and he remembered the same thing; but it was changed. She commented she would like to see that property secured for the City for the future and would like to see some planning. She noted if it is what the City can afford and can do it, she believes it is a great idea. She emphasized that she is not opposed to a new building and is not opposed to letting the voters have a say in it like they did the Civic Center, the fire station, the police station, the expansion of the Civic Center, Magic Springs, public safety, and everything else they have voted on. As far as the cost of an election, she said she believes there are people who feel so strongly about the right to vote that the money probably would be produced. She added that she has received several phone calls from people who are really upset about this not going to the voters.

Director Daniel said he can only speak for himself and regardless of the outcome tonight, he will not support immediate work without the Board going over each item very carefully. He stated this is just a stepping stone, and it will be a prudent vote on his part to make sure that it is done the correct way.

Director Maruthur pointed out if the City does not have all the land secured, it is going to cost even more money; and the City is going to have to buy more land in that block.

Director Daniel commented that the City has not purchased any land to date. Director Maruthur responded if the City did, it is not for the entire block; and the City is going to have to negotiate with some other property owners, and the price is going to change for the land acquisition. Director Daniel pointed out the only thing he was told the City was going to purchase was the old Department of Health and Human Services. Director Maruthur said that is not what she was told. Also, she said that she is aware of the problems in the Utilities Building; and she and Director Edwards were the only members of the Board in attendance, along with City Manager Kent Myers, city staff, and Mr. C. R. Jones, president of a neighborhood organization, who took a tour of City Hall, Parks and Recreation, and the Utilities Building on April 23. Director Daniel explained that he did not participate in the tour because the Utilities Building is not handicapped accessible. Director Maruthur stated she is not suggesting they stay there in perpetuity and learned on the tour they are having all of the problems because it was designed for a third floor, and there is an elevator shaft, which has not been cleaned or maintained. She explained the elevator was not placed in there, and that is a temporary roof leaking.

There being no further comments, Mayor Bush declared the public hearing closed.

NEW BUSINESS

18 Proposed Ordinance No. O-07-41

An ordinance entitled, "AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2007, SUBJECT TO APPROVAL BY THE ELECTORS OF THE CITY OF HOT SPRINGS, ARKANSAS; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; PRESCRIBING OTHER MATTERS RELATING THERETO; CALLING SAID ELECTION; AND DECLARING AN EMERGENCY," was taken from the agenda for consideration.

A motion was made by Director Maruthur, duly seconded by Director Edwards, that the rules be suspended and the ordinance be read for the first time by title only; and upon roll call, the following voted "aye": Directors Maruthur, Smith, Weatherford, Edwards, Daniel, and Bush, total 6. Voting "no": Director Jones; motion carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Maruthur, duly seconded by Director Edwards, that the ordinance be passed as read.

Upon discussion, Mr. Ted Burhenn, 318 Trapp Mountain, said that he resides outside the City and is a member of the Garland Good Government Group. He noted one of the things they do in their charter, which they are presently just starting, is they have to have at least 75 percent approval by all the members in order to represent an initiative or to speak for an issue. In this case, it was unanimous. He said many of those people came specifically because they were not going to get a chance to vote anywhere else; therefore, he has been asked to speak. He stressed that the citizens want to have the opportunity to vote. He added they elected the Directors primarily when they did that and thought that was when the representation would start, not when the representation would end. He noted they would like to see the figures, and he believes everyone would like to see the figures that justify this expenditure. If it goes to the people, he said the City will have to show them more than what they have seen so far. He pointed out all they have seen is a one-page form with a picture on it saying this is a new building. He said he has heard rumors about the additional parking lots, and they have no idea how this is going to be justified and how the City can afford it. He stated that twenty-five (25) years is a long time of committing funds.

Director Maruthur stated that Mr. Burhenn had made the comment at a previous Board Meeting that he was the City Engineer at one time; and Mr. Burhenn said that he was and is very familiar with all the buildings. He commented the improvements that have been made to the buildings are phenomenal; however, there is a big problem with the Finance/Utilities Building. He stated there were problems with the roof at the Finance Building in 1999, and it was leaking at that time. He said it was designed improperly because it did not have the third floor on it, but all those can be fixed. He added this is not insurmountable to fix that building.

Director Jones asked how long he worked for the City as an engineer, and Mr. Burhenn said that he worked a little over a year and left on his own accord.

Director Maruthur questioned if he owns property in the City and how long he was a resident, and Mr. Burhenn said that he rebuilt buildings and owned property in almost every district at one time. At the present time, he owns property in District 5 and has an interest in property on Whittington.

Mayor Bush questioned the address in District 5, and Mr. Burhenn said it is 404 West St. Louis.

Director Maruthur asked if he had a vested interest, and Mr. Burhenn said that he had a vested interest; and primarily it is in real estate.

Director Maruthur said that she compiled some papers that show how things vary in the City and how unstable things can be. She stated that she is going to submit all of these documents for the record. She stated that on April 6, 2006, the strategic plan was solicited by the City Manager. The results were consistent with concerns about public safety, cleaning up the City, and the future of the City. Only one citizen said a new City Hall was needed. She noted that she has the strategic plan results. On Monday, April 23, 2007, at 4:00 p.m. there was a tour of City Hall that was attended by Kent Myers, some City staff, Director Bill Edwards, Mr. C.R. Jones, and herself. She stated the Corps of Engineers acknowledged a fax from City Manager Kent Myers saying that the City was not able to enter into a cost share with the government to protect the downtown from flooding. She said on April 10, 2007, at a Board work session, Mayor Bush wanted her agenda item for April 16 meeting to wait so the Board could listen and take a few days to think about what Mr. Paul Young had to say. She mentioned on May 1, at the next agenda meeting, the Mayor said the Board talked about this at the last meeting, and there was no support for this to go to the voters except for Director Maruthur, which will be wasting the Board's time on Monday night. She said City Manager Kent Myers

then made it clear that the Board did not go to the voters over the last eight to ten years to issue revenue bonds. This was printed in The Sentinel-Record on May 7. She stated the revenue bonds that City Manager Kent Myers was referring to were issued without the voters, such as water, wastewater, airport transportation hubs, and power plants. It says that any government agency or fund that is run like a business that generates operating revenues are sometimes called enterprise funds, and they can issue revenue bonds. She stated what the Board has done for the last eight to ten years is approve improvements that were necessary to operate the City, to help it function, and to improve the infrastructure. She said she did not want those to get mixed up with the other bonds. She mentioned that she also has the transcript from the meeting, the work session, and the newspaper. She said she also has the front page of The Sentinel-Record showing that gasoline could go up to \$3 a gallon and also has the freeze on employees being hired. It was October 7, 2006, and in the memo and the City Manager's update. She has an article dated May 2, "Spa City Lost Revenue That Could Be in the Millions in Water," and it is unknown where it is coming from. With things being this tenuous, she believes the Board needs to look at what the City has, how much it owes, how much the City can save, what the square footage is going to be on a new building, if this is going to be relevant in 25 years, what is the cost going to be to buy the additional property, and then go to the voters with it. Also, on that same day in The Sentinel-Record, foreclosures are up 47 percent in the past year. She stated there have been TV articles about the situation in the country. Before the City makes this 25-year commitment, she said it needs to make sure everything is under control; there is a spreadsheet; and everyone has the numbers. In one of the issues last year of *The City in Progress*, which was mailed out to everyone who receives a utility bill, it says a very positive example resulting from the adoption of this code that the City passed has secured the Goddard Hotel; but everyone knows what has happened with Goddard. She said the Board has to make sure what it is doing is the right thing. At the Board work session on March 7, it says the Parking Fund currently pays for upkeep on the parking deck, but this fund currently operates at a budgeted deficit of about \$173,000 a year; and it recommended increasing the parking fee revenues. She stated every time the City needs money, it increases the revenues; and the Board has increased the revenues for all the permits for the builders in the City. At a previous agenda meeting, it was recommended that the City not call something a tax but call it a fee. She said regardless of what it is called, it is a charge; and if citizens do not pay it, their utilities are turned off. She said she believes this all needs to be documented, and that is why she has put it together because she wants to make sure the City has the money to cover it. She stated it is going to be a benefit to the people of Hot Springs, and they need to know what the Board is doing and not just approve something. She stated if the Board approves this, then it is responsible. If the voters approve this, after a program and a campaign, then the voters are saying to do it; and they feel confident that the Board has given them the proper information; and they are going to have a new City Hall. She stated that she played a small part in the City Hall being decorated and remodeled, and the

thought of having a new City Hall is very exciting; but she believes the people need to be included in this. She commented this will be the first project that she is aware of that has been done without the vote of the people.

City Manager Kent Myers stated that he wanted to clarify a few statements. He advised that the City is not pledging water franchise fees but is pledging existing franchise fees on electrical, Cable TV, gas, and telephone. Therefore, it does not have anything to do with water and wastewater franchise fees. All these franchise fees have been in place for a number of years and many of the franchise agreements that the City has extended for a number of other years. He advised that the rates for those franchises are restricted by law, so the Board cannot increase the franchise fee rates. Also, over the last ten years, the Board has elected to issue revenue bonds on seven different occasions over \$40 million. He noted as Director Maruthur indicated, this is for water, wastewater, and airport; but the municipal building is an infrastructure project also, and it will be a public improvement to the City's infrastructure. Therefore, it is very similar to those in that the Board is pledging franchise fees. He emphasized that it does not have anything to do with a pledge of a tax; and normally what is taken to the voters is debt financing that involves taxes, such as sales tax and property tax. However, there is no legal requirement to take this to the voters. Regarding the cost for the election, City Attorney Brian Albright contacted the Election Commission today for factual information; and the cost of the election would be about \$20,000 if the Board wanted to proceed with an election. He explained if an election were held, it would postpone the project for several months. Due to inflation costs, it could increase the costs two to three percent on the project (another \$150,000 to \$200,000 for this project). He stated if the City proceeds with an election, the bond issue that is before the Board tonight will have to be canceled and will have to start all over on the bond issue; and it is unknown what the interest rate will be in two to four months. He stressed if the Board wants to go that direction, there will be an element of risk involved.

Director Maruthur said that she thought she read it on a Board Action Request Form, and she will look that up about the utilities fees, the franchise fee.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Smith, and Edwards, total 3. Voting "no": Directors Jones, Weatherford, Daniel, and Bush, total 4; motion failed. Whereupon the ordinance was declared failed.

19 Proposed Ordinance No. O-07-42

An ordinance entitled, "AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2007; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY," was taken from the agenda for consideration.

A motion was made by Director Weatherford, duly seconded by Director Daniel, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion carried, with Director Maruthur opposing. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Jones, duly seconded by Director Weatherford, that the ordinance be passed as read.

Upon discussion, Mr. Casey Jones said he would like for the statements that he made earlier to be applicable to this particular endeavor also.

At this time, Director Maruthur made a motion to table this until further information about how much property this is going to involve and exactly what the plans are for this building, how much square footage, what is going to be gained, and a very specific spreadsheet disseminated.

There being no second to the motion, the motion died for lack of a second.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 6. Voting "no": Director Maruthur; motion carried. Whereupon the ordinance was declared passed. A motion was made by Director Daniel, duly seconded by Director Jones, that the emergency clause be passed; and upon roll call, the following voted "aye": Directors Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 6. Voting "no": Director Maruthur; motion carried. Whereupon the emergency clause was declared passed.

20 Proposed Ordinance No. O-07-43

An ordinance entitled, "AN ORDINANCE AMENDING ORDINANCE NO. 2985 FIXING THE AMOUNT OF FRANCHISE FEES TO BE PAID TO THE CITY BY AT&T," was taken from the agenda for consideration.

A motion was made by Director Smith, duly seconded by Director Weatherford, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Weatherford, duly seconded by Director Smith, that the ordinance be passed as read.

Upon discussion, City Manager Kent Myers stated this is an ordinance recommended by bond counsel. The City has a current franchise with AT&T but is not proposing any changes in the amount of the franchise. However, this action is required by bond counsel to clarify that the current payments the City receives from AT&T are fees and not taxes.

Ms. Dorian Flanders, 303 St. George, District 1, asked for an explanation on the AT&T franchise fees, and City Manager Kent Myers explained that the City has a long-term franchise with AT&T that they pay a franchise fee to the City. This ordinance is clarifying that is a fee and is not a tax. Ms. Flanders asked if that is the same clarification for the ordinances with ARKLA and Entergy, and City Manager Kent Myers replied that it is. He added that the Cable TV Franchise is clear, and it is a fee.

Ms. Flanders said that she recently received her ARKLA bill, and there is a municipal fee listed, not a franchise fee. She asked where that language came from, and City Manager Kent Myers advised it is a standard language for most all franchises in the State. Ms. Flanders asked who pays for it, and City Manager Kent Myers stated that the citizens are paying at the present time. Ms. Flanders pointed out that the rate is 4.25 percent and said if she is paying it, it is a tax.

Mr. Ryan Bowman explained the language franchise fees are taken from the statute that authorizes these fees to be charged to public utilities that have the use of rights-of-way and easements within the City of Hot Springs. Therefore, that language is taken straight from Statute §14-200-101.

Deputy City Manager Lance Hudnell advised that years ago it was not passed on to the citizens in that way. He stated it is truly from the City to AT&T a fee, but the utilities went to the Public Service Commission many years ago and received the right to list that on the bill. Therefore, it is a little different in that regard.

City Attorney Brian Albright said he would also like to clarify that the citizens or the customers of AT&T, Entergy or ARKLA, are paying it; and it is still a fee. He added that the

State Supreme Court has deemed it to be so, and this has gone up through the appeals to the Public Service Commission, through the Court of Appeals, and then ultimately to the Supreme Court. He stated the Supreme Court has been very clear in defining this as a fee and not a tax.

Mr. Bob Driggers, #3 Stonegate, stated this is actually changing the word "tax" in the ordinance to "fees" because in the City Code, Title 5, Taxation, there is quite an extensive amount of reference to this being a tax. Therefore, irrespective of what the item on the agenda states, fixing the amount of the franchise fee, he said the public should know this also changes that wording; but that has been pointed out. He stated the cable TV is now at three percent (3%) and questioned if the City anticipates raising rates on cable TV or Internet service.

City Manager Kent Myers advised when their franchise comes up for renewal in a couple of years, that is an issue that is negotiable. He added that has been discussed internally and hope to get more franchise fee. However, it cannot be certain at this point in time.

City Attorney Brian Albright pointed out there were a couple of changes that were suggested at the request of the attorney for AT&T. In the first "Whereas" clause, the correct legal entity is now Southwestern Bell Telephone, LP, doing business as AT&T Arkansas, which has been a change in their name. In Section 2, the second "Whereas" clause, the most recent Public Service Commission Order is Docket U-3013, dated February 7, 1980, instead of the 1957 Order they cite. He stated Ordinance 3723 reflected this update, but the amendment reverts back to the old Order. In Section 4, to be more precise, they wanted the language "access line billing" to be changed to "basic local exchange access line charges connected within the corporate limits of the City of Hot Springs." He noted that is so it will comply with Arkansas Code §14-200-101.

Director Weatherford questioned if the telephone company's basic local exchange access line charges collected within the corporate limits of the City for the preceding year go into the County, and City Attorney Brian Albright advised that they did not.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the ordinance was declared passed.

21 Proposed Ordinance No. O-07-44

An ordinance entitled, "AN ORDINANCE AMENDING ORDINANCE NO. 2847 FIXING THE AMOUNT OF FRANCHISE FEES TO BE PAID TO THE CITY BY ENTERGY ARKANSAS, INC.," was taken from the agenda for consideration.

A motion was made by Director Jones, duly seconded by Director Weatherford, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Weatherford, duly seconded by Director Jones, that the ordinance be passed as read.

Upon discussion, Mr. Ted Burhenn, 318 Trapp Mountain, stated his objection to it was it changed from the word "tax" to "fee" to camouflage what was really going on. He said it is his understanding the City cannot use the gaming for what it is planning on using. Therefore, because it is not secure, something has to be used that is secure. He questioned what that money is being used for now, the now "fee" instead of "tax." He questioned if gaming is not secure enough to secure a bond issue, then why would the City think it can use that to replace this new fee. He asked what is the fee being used for; and if the City gets to a situation that it cannot replace that fee, then what is it going to do with that fee. He questioned if the City is going to have to increase it to maintain the services that it has.

City Manager Kent Myers advised that currently the City collects about \$2.5 million in franchise fees from these utility companies. What is being suggested tonight is just pledging a small portion of that, and that would be supplemented by several different revenues. One is funding from Oaklawn, and then also there is an increase in breakage money from the State of Arkansas; and those would supplement it. He stated as far as what it is used for at the present time, it is used in the General Fund for general fund services.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the ordinance was declared passed.

22 Proposed Ordinance No. O-07-45

An ordinance entitled, "AN ORDINANCE AMENDING ORDINANCE NO. 3599 FIXING THE AMOUNT OF FRANCHISE FEES TO BE PAID TO THE CITY BY CENTERPOINT ENERGY ARKLA," was taken from the agenda for consideration.

A motion was made by Director Smith, duly seconded by Director Daniel, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Smith, duly seconded by Director Weatherford, that the ordinance be passed as read.

Upon discussion, Director Maruthur stated no matter what it is called, it is a charge; and if people do not pay it, their utilities will be turned off.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the ordinance was declared passed.

23 Request from Ms. Donna Williams Regarding Drainage problem at 345 Molly Springs Road

Director Edwards requested that this item be deferred until the next Board Meeting since he had some information for Ms. Williams but did not have the opportunity to discuss it with the City Engineer.

In response to Mayor Bush, Ms. Williams said she had no objections to this item being delayed until the May 21 Board Meeting.

A motion was made by Director Edwards, duly seconded by Director Daniel, that the request from Ms. Donna Williams be tabled for two weeks; and upon voice vote, the motion unanimously carried.

24 Request from Mr. Bob Driggers Regarding Board of Directors Improper Actions

Mr. Bob Driggers, #3 Stonegate, stated he is referring to specific actions of Directors from misuse of office for personal gain to abuse of travel privileges. For example, he could also speak to Director Daniel not having the right to misquote him because he has never said that he would work for or against the City Hall. In view of what the Board just approved, he would prefer to speak of such improper actions in general terms. He stated his question would be two-fold: "Can you not understand why the public is concerned about the legalities of Board actions rather than to have a Board Member with a long history of violating Arkansas laws or regulations decide what's legal? Can you not understand why the public may prefer to vote on a \$10 to \$14 million expenditure rather than to allow Board Members who have taken bankruptcy several times decide what is the best way to spend their money?" He stated that the action the Board has taken in not allowing the public their right to vote on such a large item as the new City Hall has just demonstrated the Directors' disdain and disrespect for the citizens who elected them. He pointed out that citizens voted to approve tax increases several times recently – the Civic Center, Magic Springs, Police Department, and Fire Department facilities. He noted when the City pushed for gambling, the citizens approved that. He stressed they are not opposed to a new City Hall but would like to see the justification for it.

Mayor Bush questioned who is "we" that he has referred to, and Mr. Driggers advised that it is the Garland Good Government Group. He advised that they anticipate beginning a petition drive to allow the citizens the right to vote.

There being no further comments, Mayor Bush called for the next item of business.

25 Appeal from Hot Springs Elks No. 380 Regarding Supplemental Alcohol Tax Penalties

Mr. Mike Muldoon, 110 Holt, District 4, explained that their secretary changed offices a year ago in April and was not aware this tax existed. He said when they realized it, they paid the actual tax that was owed; and at that time probably did not know the proper appeal process. He pointed out they have never been late and are requesting to get the penalty waived.

A motion was made by Director Daniel, duly seconded by Director Edwards, to waive the supplemental alcohol tax penalties in the amount of \$420.75; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried.

26 Proposed Resolution No. R-07-106

A resolution entitled, "A RESOLUTION ACKNOWLEDGING THE REVIEW OF THE 2006 WASTEWATER SYSTEM AUDIT REPORT," was taken from the agenda and read by title only.

A motion was made by Director Daniel, duly seconded by Director Jones, that the resolution be adopted as read.

Upon discussion, Finance Director Dorethea Yates, stated the 2006 Audit Report for the Hot Springs Municipal Wastewater Department has been completed. She presented a four-year history of some key indicators of the Wastewater Fund. She stated in 2004, the revenues began to grow; and this was when the City approved a series of three rate increases. Therefore, over the last three years (2004, 2005 and 2006), the revenues have increased pursuant to these rate increases. She reported that expenses have also grown from 2002, 2004 and 2005 and then decreased a little in 2006. Regarding plant property and equipment, that is net of depreciation. In 2003, there was \$59.5 million; and it increased and decreased and is now back to \$59.5 million at the end of 2006. In 2003 and 2004, there were net losses in both of those years. The City put the rate increases into effect, and there has been a net income the last two years (2005 and 2006). In 2006, the net income was \$688,127. Regarding the net assets, which is assets of the system minus the liabilities, those numbers also have increased gradually since 2003 and are now up to \$59.9 million. In regard to the bonded indebtedness, there are three issues. One was issued in 1991 for \$18 million, and the City now owes about \$8.5 million on that. A new issue was approved in 2005 for \$9 million, and a new issue was approved in 2006 for \$2.3 million. These issues were pursuant to the new wastewater plant that is being constructed now and also some wastewater improvements that were approved. At this point, the City has only drawn \$3.3 million off of those issues. Next year, there will be a significant increase in the plant property and equipment as the City finishes the wastewater plant and continues to work on the improvements. She noted there will also be a significant increase in the bonded indebtedness.

Mayor Bush asked if the City will be able to decrease the fees to the citizens should it continue to have net income around this figure; and Finance Director Dorethea Yates replied that the net income will probably change significantly because the City is going to be taking on more debt. She noted the \$3.3 million will increase up to \$11.3 million debt outstanding, and the City will have more debt and more interest. Also when that plant comes on line, there will be more depreciation.

Director Smith said he likes how the last two years have been trending and asked if that is going to change when that plant comes on line, and Finance Director Dorethea Yates stated that the numbers will change; but hopefully the revenues will continue to increase as the City continues to add customers to the system and take care of that.

City Attorney Brian Albright said as he recalled, the rate change anticipated building the new plant, and that was factored in the cost. Finance Director Dorethea Yates replied that is correct; and there are also added impact fees, which will help defray the cost of the principal interest payment.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the resolution was declared adopted.

27 Proposed Ordinance No. O-07-46

An ordinance entitled, "AN ORDINANCE AMENDING ORDINANCE NO. 3724 REGARDING THE USE OF SIDEWALKS WITHIN CENTRAL BUSINESS IMPROVEMENT DISTRICT NO. 2," was taken from the agenda for consideration.

A motion was made by Director Jones, duly seconded by Director Weatherford, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Jones, duly seconded by Director Maruthur, that the ordinance be passed as read.

Upon discussion, Deputy City Manager Lance Hudnell stated this issue is basically only a change in who hears these issues. He explained that currently there is an ordinance that deals with items on the sidewalks, such as flowerpots and tables and chairs, which is considered by the Public Safety Staff Committee first and then comes to the Board for approval. However, sidewalk signs within the CBID No. 2 are considered the CBID Commission. He stated the CBID Commissioners are requesting that the Board allow them to hear all the items so the downtown merchants, at least those in the CBID No. 2, only have one body to go to instead of two.

Director Maruthur said she would like to know when the painting of the signal lights and the poles are going to begin and also what the plans are to clean the sidewalks.

Mr. Steve Mallett, Public Works Director, said he can only speak to the pole painting, which is a project that Mr. Denny McPhate, the Public Works Operations Manager, is finishing up putting the final touches along with the brick paved crosswalks. Both of those projects will be bid at the same time, and that should happen in the next couple of weeks pending Highway Department approval of the crosswalks.

Deputy City Manager Lance Hudnell pointed out that in regard to the sidewalk washing, that is the responsibility of the property owner. He stated in the past, there was one occasion where the CBID Commission approved washing of the sidewalk; but they have not done that in subsequent years because they did not feel the first time was particularly effective.

Director Maruthur said there was a problem with it; and at one of the meetings she attended for the downtown merchants, they were concerned they could not sweep or put anything in the drains that could cause a problem.

Deputy City Manager Lance Hudnell said when people sweep their leaves, etc., they are to sweep them up and not put them into the drain.

Director Maruthur said that is correct; and it is difficult for them to maintain it; and as a result of that, they have become very soiled looking. Deputy City Manager Lance Hudnell stated it does not prevent them from sweeping it, and it just means they cannot sweep it into the curb line.

Director Maruthur asked if they can take a hose and scrub it and let it go into the drain, and Deputy City Manager Lance Hudnell replied that they could.

Mr. Steve Mallett, Public Works Director, said his department will be power washing about four buildings in the 400 block next week.

Director Maruthur said she remembered there were some restrictions, and Public Works Director Steve Mallett advised there is a \$100 fine if they sweep the government's magnolia leaves that blow across the street into the gutter.

Director Smith asked who requested this ordinance, and Deputy City Manager Lance Hudnell advised this just came up at the last CBID meeting when they were discussing the sidewalk signs. He stated there was somebody who was also discussing a flowerpot, and they

were saying that they cannot deal with flowerpots and will have to go to the City Board. As a result of that, there was a general discussion among the Commissioners, and they thought it would be a good idea if they asked the Board to allow them to deal with both issues instead of just half of it. He added that they asked that he draft an ordinance for the Board.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the ordinance was declared passed.

28 Proposed Resolution No. R-07-107

A resolution entitled, "A RESOLUTION AMENDING THE 1997 COMPREHENSIVE PLAN FUTURE LAND USE MAP BY RECLASSIFYING CERTAIN REAL PROPERTY (SHADY HEIGHTS ROAD)," was taken from the agenda and read by title only.

A motion was made by Director Daniel, duly seconded by Director Edwards, that the resolution be adopted as read.

Upon discussion, Ms. Kathy Sellman, Planning and Development Director, advised this is an application by Carriage Custom Homes, Inc. to amend the Future Land Use Map designation to residential, low density, for 22.7 undeveloped acres on Shady Heights Road. She stated the residential low density future land use classification corresponds with the Zoning Code's R-2 Suburban/Residential District, and the subject parcel is between Martin Luther King Expressway and areas that are already developing as residential subdivisions along Shady Grove Road. Also, the Planning Commission voted 6 to 0 for approval.

Director Maruthur questioned who is the owner of the Carriage Company and was advised that it is Doug Rodgers.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the resolution was declared adopted.

29 Proposed Ordinance No. O-07-47

An ordinance entitled, "AN ORDINANCE AMENDING THE ZONING CODE OF THE CITY BY REZONING PROPERTY ON SHADY HEIGHTS ROAD FROM R-1, RURAL RESIDENTIAL, TO R-2, SUBURBAN RESIDENTIAL," was taken from the agenda for consideration.

A motion was made by Director Daniel, duly seconded by Director Smith, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Weatherford, duly seconded by Director Maruthur, that the ordinance be passed as read.

Upon discussion, Ms. Kathy Sellman, Planning and Development Director, advised this is a request by the same applicant as the previous item and is a companion request to change the zoning to R-2, Suburban Residential, in order to develop the land. She mentioned the minimum lot size in R-2 with sewer is 12,000 square feet, and that size can be met. Also, the Planning Commission voted 6-0 for approval.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the ordinance was declared passed.

30 **Proposed Ordinance No. O-07-48**

An ordinance entitled, "AN ORDINANCE AMENDING THE CONDITIONAL USE PERMIT APPLICATION NOTICE REQUIREMENTS IN THE CITY OF HOT SPRINGS ZONING CODE," was taken from the agenda for consideration.

A motion was made by Director Smith, duly seconded by Director Weatherford, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Weatherford, duly seconded by Director Maruthur, that the ordinance be passed as read.

Upon discussion, Ms. Kathy Sellman, Planning and Development Director, advised this is a request to amend the Conditional Use Permit application notice requirements. She stated conditional uses are listed in the Zoning Code as uses that may, under certain circumstances, be appropriate in a particular location. She said because these uses may require careful review of location, design, configuration, and spatial impact, written notice is one of the requirements of the application. Currently the application is sent to owners of record who adjoin the subject property, and this request came from a 2006 request from the Board to expand written notice beyond that to 200 feet within the proposed conditional use location. She pointed out because of improvements to the City's Geographic Information System, this is now something that can be done quite easily so this is the right time to make this change. Also, the Planning Commission considered this amendment on April 12, and their recommendation is for approval with a 6-0 vote.

Director Smith asked if this was only going to expand to 200 feet, and Ms. Sellman replied that is correct. Director Smith pointed out that may just be one large parcel next door, and Ms. Sellman said that it could. She explained that the measurement is from the perimeter of the subject parcel.

Director Smith asked if the City had rather do that as opposed to add different parcels, or separate parcels; and Deputy City Manager Lance Hudnell advised that it does have provisions. If that next parcel is owned by the same person, then it goes on.

Director Smith said he wanted to make sure the City is getting a wider exposure to expand this out, and that is the intent; and Ms. Sellman said that it is.

City Attorney Brian Albright asked that she give a comparison on zoning changes, and Ms. Sellman advised it is the same - 200 feet.

Director Smith asked if the same person owns the parcel next door, then it keeps going until it gets to a third party; and Ms. Sellman said that was correct.

Director Maruthur pointed out there was a hiatus from what the City was doing before because it cost too much money to send all the notices out; but with the GIS, it is cost-effective. She added any time there is a conditional use, it does not just affect the people who are even 200 feet but affects the whole neighborhood. She added any step that increases the City's ability to get the citizens' input is a good step.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the ordinance was declared passed.

31 Proposed Ordinance No. O-07-49

An ordinance entitled, "AN ORDINANCE WAIVING REQUIREMENTS OF COMPETITIVE BIDDING FOR PROCUREMENT OF CERTAIN SOLE-SOURCE ITEMS (SEWER PUMPS AND PARTS)," was taken from the agenda for consideration.

A motion was made by Director Edwards, duly seconded by Director Weatherford, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Weatherford, duly seconded by Director Smith, that the ordinance be passed as read.

Upon discussion, Mr. Steve Mallett, Public Works Director, advised that this ordinance is to approve Bolt Services as the sole supplier for Delta Environmental Products for pump parts and to also purchase ten (10) replacement pumps from Bolt Services in the amount of \$19,500. He stated in accordance with Ordinance No. 5432, suppliers and vendors can submit pumps to be evaluated with respect to the City's specifications. He said this is a grinder pump that was found to meet the City's specifications and was approved to be installed and used in the City's system. Also, this gives the City a second pump to consider for installation in its system.

Director Smith asked if they are going to be the only supplier for these pumps, and Public Works Director Steve Mallett replied that they are not. He added the City was in a situation where it only had one supplier, but now there are two suppliers.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the ordinance was declared passed.

32 Proposed Ordinance No. O-07-50

An ordinance entitled, "AN ORDINANCE NAMING AND ACCEPTING A CERTAIN ALLEY SAS A PUBLIC ALLEY (CYPRESS ALLEY)," was taken from the agenda for consideration.

A motion was made by Director Daniel, duly seconded by Director Smith, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Jones, duly seconded by Director Weatherford, that the ordinance be passed as read; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the ordinance was declared passed.

33 Proposed Resolution No. R-07-108

A resolution entitled, "A RESOLUTION DECLARING OF CERTAIN REAL PROPERTY AS SURPLUS AND AUTHORIZING THE SALE THEREOF (BEECH ALLEY)," was taken from the agenda and read by title only.

A motion was made by Director Daniel, duly seconded by Director Weatherford, that the resolution be adopted as read; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Smith, Weatherford, Edwards, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the resolution was declared adopted.

OTHER BUSINESS

34 Board of Directors Items

Director Smith announced that District 3 will have a public hearing in the Board Chambers, Thursday, May 17, at 5:30 p.m. He stated there will be an opportunity to fill any commissions or boards and encouraged citizens in District 3 to attend. He expressed appreciation to those who attended the Taste of Quapaw last Tuesday evening.

Director Jones stated there are four or five openings on boards and commissions, and she would like to see as many citizens as possible come forward and apply. Also, the Pleasant Street Association held its Third Annual Fish Fry last Saturday; and she is still taking donations, which is mainly used to work on the portion of Pleasant Street that is in the historic district and is the gateway to the Convention Center. Also, Mrs. Jernigan has moved her restaurant now to the America's Best Inn, which was formerly the Royal Vista Inn, and will be opening by next Sunday and encouraged citizens to show their support and appreciation by patronizing her new location. She reported on the trip to Washington, DC, which was also attended by the Mayor's Youth Council. She stated that Senator Blanche Lincoln was also impressed with the Mayor's Youth Council and sent a picture of the group that was taken in her office. This afternoon, the Board had a forum with the Mayor's Youth Council, along with city staff; and they want to be part of the City's activities and give the Board ideas on what is happening in the City. Some of the staff members are going to take them around and let them know what goes on in City government at the bottom before they start with the Board of Directors.

Director Maruthur said that she has tried to help Ms. Jernigan and has visited her restaurant. She stated for those who e-mailed, faxed and called her, she attempted to get the Board to allow City Hall bond issues to come to a vote.

Director Daniel announced that on Saturday, 9 a.m., on Central Avenue, the Second Annual Steuart Pennington Bath Street Running of the Tubs will be held. Immediately following that will be the First Annual Yardbird Cookoff, which is sponsored by the Downtown Merchants Association in conjunction with the Hot Springs Advertising and Promotion Commission.

Director Edwards reported that he had a leak in front of his house and called the water company, and they worked the entire day repairing the leak and commended them for a good, neat job.

35 City Manager's Report

City Manager Kent Myers gave the following report:

1. On the Consent Agenda, the Board approved some appointments to advisory committees (Esther McKeever was appointed to the Airport Advisory Committee, and Bill Watson and Karen Garcia were reappointed to the Transportation Advisory Committee).

2. The Farmers' Market has opened, and Saturday was the opening event. There were fourteen (14) vendors and a good turnout of customers. The Farmers' Market is continuing on Tuesdays, Thursdays, and Saturdays and usually gets started around 6:00 a.m. and is sold out around 11:00 a.m.

3. The Spring Fling was held Saturday before last, and they collected over 398 tons of debris and trash, which compares to 270 tons last year. This included 22.9 tons of refrigerators and other miscellaneous metal items that were recycled; and some of the employees from the Sanitation Department worked 12 hours on Saturday and Sunday during Spring Fling. He commended Sanitation Director Bill Burrough and his staff.

4. A work session with the Board and the Planning Commission was held a couple of weeks ago, and some of the discussion centered around County residents serving on the Planning Commission, which is now allowed by State law. There seemed to be a rather broad support for that idea, and that is going through the public hearing process. That item should be before the Board in the next 60 days.

5. As a result of the action on the Municipal Building project tonight, the bonds are scheduled to close on June 13; and the City will be developing a schedule for the project that will track what takes place after June 13. For some of the most immediate items, the City will be closing on the property shortly thereafter, and the Board will be receiving an appraisal report from Frank Manzer on this building. There will be some discussion on what the City will do with the current City Hall in a year or so; and also, the City needs to hire an architect. He stated there have been had three public discussions on the Municipal Building, and he and City Attorney Brian Albright met with the newspaper and was also were on the radio.

He said he wants to continue that public involvement process; and rather than the staff come to the Board and recommend an architect, he would suggest that the Board have a public meeting on TV and have the architects make a presentation and let the public see it; then the Board actually vote. He stated that typically the City staff goes through a stack of architects and engineers and comes up with a recommendation for the Board. However, since this is such an important public project, the Board should be directly involved in hiring the architect. Staff will put out a schedule in the next week to show some key dates that will be involved.

36 ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 8:50 p.m., to meet again on Monday, May 21, 2007, at 7:00 p.m.

ATTEST: _____

APPROVED: _____

Lance Hudnell, City Clerk

Mike Bush,

Mayor