

**Minutes of the
ARKANSAS NATURAL RESOURCES COMMISSION**

March 18, 2015

The regular meeting of the Arkansas Natural Resources Commission was held Wednesday, March 18, 2015, at 9:30 a.m., at the office of the Arkansas Natural Resources Commission, 101 East Capitol, Suite 350, Little Rock, Arkansas.

Commissioners in attendance were Chairman David Feilke, Vice-Chairman Mike Carter, Fred Fowlkes, Neal Anderson, Don Richardson, Ann Cash, and Bill Poynter.

Staff members participating included: Randy Young, Executive Director; Adrian Baber, Conservation Division Chief; Edward Swaim, acting Deputy Director/Water Resources Division Manager; Mark Bennett, Water Development Division Manager; Dave Fenter, Grants Manager; Cynthia Bearden, Agency Controller; Deanna Ray, Assistant General Counsel; Todd Fugitt, Senior Geologist; Jim Battreal, Professional Geologist; Darla Brooks, Financial Programs Manager; Bob Fowler, Land Resource Specialist; Cody Harrington, Land Resource Specialist; Lori Scott-Nakai, Public Information Specialist; Michael Sears, Computer Support Specialist; John Doyle, Engineer; John Turner, ANRC Program Coordinator; Ken Brazil, Engineer Supervisor; Regina French, Finance Program Manager; Dewania Coleman-Jones, Rural Construction Grant/Financial Officer; and Carla Hill, Executive Assistant.

Chairman Feilke called the meeting of the Arkansas Natural Resources Commission to order.

A list of guests is attached to the minutes.

APPROVAL OF MINUTES: January 21, 2015

Upon motion by Mr. Fowlkes, second by Mr. Anderson, the Commission approved the minutes of the January 21, 2015 regular meeting.

REPORT OF THE EXECUTIVE DIRECTOR

Career Service Certificates – Director Young presented a 30 year certificate to Dave Fenter and a ten year certificate to Michael Sears. Mr. Young also recognized Gina Wilson, who was not in attendance, for ten years of service.

Resolution to Recognize Dr. Corbet Lamkin – Director Young recognized Dr. Corbert Lamkin with Resolution 2015-1 for his contributions to the State of Arkansas by his service as a member and Chair of the Commission. Upon motion by Mr. Richardson, second by Mrs. Cash, the Commission unanimously approved the resolution.

Introduction of new Commissioner - Mr. Young introduced Mr. Bill Poynter, Texarkana, to serve on the Commission as appointed by Governor Asa Hutchinson.

STATUS REPORT ON FINANCIAL ASSISTANCE PROGRAMS

Mrs. Cynthia Bearden presented the financial assistance report dated February 28, 2015. (Copy of report is attached to the minutes.)

LEGAL ISSUES

Lafe Regional Water Distribution District and Resolution – Mrs. Deanna Ray reported the Commission had answered all questions presented by the Greene County Court and with the

Commission's approval the resolution would be filed. Mrs. Cash made a motion to accept, second by Mr. Anderson. In a roll call vote, the Commissioners present passed the motion, six Commissioners for and Mr. Carter against the motion. Resolution 2015-2 will be filed with the Greene County Circuit Court.

WATER RESOURCES MANAGEMENT DIVISION

Dennis Carman, White River Irrigation District Chief Engineer and Director, gave an overview of the Grand Prairie Area Demonstration Project to date with future projections. In addition, Gene Sullivan, Executive Director of the White River Irrigation District, presented an update of the Bayou Meto Water Management Project.

WATER RESOURCES DEVELOPMENT DIVISION

Mr. Mark Bennett introduced Mr. Wayne Menley with Miller-Newell Engineers. Mr. Menley informed the Commissioners of the Ozark Acres Public Facility Board's history and guidance.

Mr. Bennett presented staff recommendations for the referenced projects below requesting financial assistance from the Water, Sewer & Solid Waste Fund (WSSW); the Water Development Fund (WDF); and the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program (CGO).

Upon motion by Fred Fowlkes, second by Mr. Anderson the Commission approved the following recommendations:

WALDO (COLUMBIA COUNTY) (WSSW)

Up to \$7,725.00

PURPOSE OF FUNDS: Emergency creek crossing to restore water to 40-50 houses.

The Commission approved a grant in an amount up to \$7,725.00 from the Water, Sewer & Solid Waste Fund. An administrative fee in an amount up to \$225.00 is to be retained by the Commission. Approval is contingent upon the city establishing and maintaining a depreciation reserve fund.

**FAULKNER COUNTY WATER & WASTEWATER PUBLIC FACILITIES BOARD
(ROCKY GAP) (WSSW)**

Up to \$164,800.00

PURPOSE OF FUNDS: Provide water service to the Rocky Gap Community in Faulkner County.

The Commission approved a deferred loan in an amount up to \$164,800.00 from the Water, Sewer & Solid Waste Fund. This loan is for thirty three (33) years with a repayment schedule of thirty (30) years at four and one-quarter percent (4.25%) interest. Payment upon principal is to be deferred for three (3) years and interest is to be waived for three (3) years. An administrative fee in an amount up to \$4,800.00 is to be retained by the Commission. Approval is contingent upon the board establishing and maintaining a depreciation reserve fund. Other funds will be provided from the Arkansas Community and Economic Development Program.

LA GRANGE (LEE COUNTY) (WSSW)

Up to \$10,300.00

PURPOSE OF FUNDS: Improvements at sewer pump stations including without limitation replacement or repairs of sewer pumps and controls.

The Commission approved a grant in an amount up to \$10,300.00 from the Water, Sewer & Solid Waste Fund. An administrative fee in an amount up to \$300.00 is to be retained by the Commission. Funds may be disbursed directly to Arkansas Rural Water Association if ARWA agrees to make or supervise the improvements. Approval is contingent upon the town establishing and maintaining a depreciation reserve fund.

MONTROSE (ASHLEY COUNTY) (WSSW)

Up to \$61,800.00

PURPOSE OF FUNDS: Improvements at sewer pump stations including without limitation replacement or repairs of sewer pumps and controls.

The Commission approved a loan in an amount up to \$61,800.00 from the Water, Sewer and Solid Waste Fund. This loan is for up to ten (10) years at two and three-quarters percent (2.75%) interest.

All or part of the funds may be disbursed directly to Arkansas Rural Water Association if ARWA undertakes all or part of the project. An administrative fee in an amount up to \$1,800.00 is to be retained by the Commission. Approval is contingent upon the town establishing and maintaining a depreciation reserve fund.

NORMAN (MONTGOMERY COUNTY) (WSSW)

Up to \$507,700.00

PURPOSE OF FUNDS: Consolidate six outstanding loans (\$241,390) with New Money (\$266,310) for pump replacement and rehab at three sewer lift stations.

The Commission approved a loan in an amount up to \$507,700.00 from the Water, Sewer and Solid Waste Fund. This loan is for twenty (20) years at three and nine-tenths percent (3.9%) interest. An administrative fee in an amount up to \$7,757.00 is to be retained by the Commission. Approval is contingent upon the town establishing and maintaining a depreciation reserve fund. Existing loans WDF 27-07-D, WDF 97-04-D, WSSW 99-04-D, 00765-WSSW-D, 00767-WSSW-D and 00922-WSSW-D would be retired using \$241,390 of the funds.

OSCEOLA (MISSISSIPPI COUNTY) (WSSW)

Up to \$1,030,000.00

PURPOSE OF FUNDS: Water line improvements to serve industrial areas and repairs to sewer system to reduce inflow and infiltration.

Deobligation of \$360,500.00 in loan funds from the Water, Sewer and Solid Waste Fund which was approved to the city on September 17, 2014.

The Commission approved a loan in an amount up to \$1,030,000.00 from the Water, Sewer and Solid Waste Fund. This loan is for thirty (30) years at four and one-quarter percent (4.25%) interest. An administrative fee in an amount up to \$30,000.00 is to be retained by the Commission. Approval is contingent upon the city establishing and maintaining a depreciation reserve fund.

OZARK ACRES PFB (SHARP COUNTY) (WSSW)

Up to \$226,600.00

PURPOSE OF FUNDS: Renovate existing water supply well, install pressure filters and construct backwash pond.

The Commission approved a grant in an amount up to \$226,600.00 from the Water, Sewer & Solid Waste Fund. An administrative fee in an amount up to \$6,600.00 is to be retained by the Commission. The use of funds is to be coordinated with funds provided by USDA Rural Development. Approval is contingent upon the board establishing and maintaining a depreciation reserve fund.

CHESTER (CRAWFORD COUNTY) (WDF)

Up to \$7,210.00

PURPOSE OF FUNDS: Repairs and replacement of water pump station.

The Commission approved a grant in an amount up to \$7,210.00 from the Water Development Fund. An administrative fee in an amount up to \$210.00 is to be retained by the Commission. Approval is contingent upon the town establishing and maintaining a depreciation reserve fund. Funds may be

disbursed directly to Arkansas Rural Water Association if ARWA agrees to make or supervise the improvements.

MAGAZINE (LOGAN COUNTY) (WDF)

Up to \$20,600.00

PURPOSE OF FUNDS: To add additional disinfection equipment to the water system.

The Commission approved a loan in an amount up to \$20,600.00 from the Water Development Fund. This loan is for ten (10) years at two and three-quarters percent (2.75%) interest. An administrative fee in an amount up to \$600.00 is to be retained by the Commission. Approval is contingent upon the city establishing and maintaining a depreciation reserve fund.

NAIL-SWAIN WATER ASSOCIATION (NEWTON COUNTY) (WDF)

Up to \$7,210.00

PURPOSE OF FUNDS: Remove the water treatment plant discharge system to comply with ADEQ requirements to abandon the system. The system is no longer needed because the system purchases water from Ozark Mountain Public Water Authority.

The Commission approved a grant in an amount up to \$7,210.00 from the Water Development Fund. An administrative fee in an amount up to \$210.00 is to be retained by the Commission. Approval is contingent upon the association establishing and maintaining a depreciation reserve fund.

BAYOU METO IRRIGATION PROJECT (CGO) (ADDITIONAL)

**(Bayou Meto Basin Element of the Grand Prairie Region and Bayou Meto Basin, Arkansas Project)
(Lonoke, Jefferson, Prairie & Arkansas Counties)**

Up to \$11,000,000.00

PURPOSE OF FUNDS: To provide local funds to match federal funds for construction of the Bayou Meto Irrigation Project including without limitations construction costs, lands easements and rights of way, and utility relocations.

The Commission approved the expenditure of up to an additional \$11,000,000.00 from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program for costs associated with the project. These funds may be disbursed to Bayou Meto Regional Irrigation Water Distribution District or US Army Corps of Engineers as payment of costs associated with the project or reimbursement of funds previously expended for construction of the project. Funds will be provided from federally taxable bond issue proceeds. No administrative fee will be collected.

REDFIELD (JEFFERSON COUNTY) (CGO)

Up to \$2,575,000.00

PURPOSE OF FUNDS: Construct a new water treatment plant, upgrade some of the distribution system and develop a new water well.

The Commission approved loan funding from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount not to exceed \$2,575,000.00. The project approved in this resolution is to be funded from the proceeds of the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds (the "Bonds"). All documents evidencing the commitment for financing and completion of the project mentioned in this resolution shall be subject to modification, amendment for further conditions to comply with the rules and regulations (including all amendments thereto), which the Commission may adopt, from time to time in order to comply with the covenants concerning the Bonds.

The loan terms and interest rate are to be set by the Executive Director with a repayment schedule of up to thirty (30) years.

Staff is hereby directed to negotiate a "Memorandum of Agreement" with the above named applicant as provided for in the Section 502.1 of Title V, Administrative Rules and Regulations for Financial Assistance, within 60 days.

Approval is contingent upon the availability of any other required funds and upon completion of all statutory and regulatory requirements within a period of 180 days. An administrative fee of three percent (3%) will be collected by the Commission at loan closing.

**WHITE RIVER REGIONAL IRRIGATION WATER DISTRIBUTION DISTRICT
(ARKANSAS, MONROE, LONOKE AND PRAIRIE COUNTIES) (CGO)**

Up to \$20,000,000.00

PURPOSE OF FUNDS: To provide local funds to match federal funds for construction of the Grand Prairie Irrigation Project including without limitations construction costs, lands easements and rights of way, and utility relocations.

The Commission approved a deferred loan for the White River Regional Irrigation Water Distribution District from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount of \$20,000,000.00. Interest at the rate of five percent (5%) per annum will begin to accrue on December 1, 2050 with the first semi-annual principal and interest payment being due June 1, 2051. The repayment period shall not exceed five years. Disbursements of loan proceeds will be made incrementally on an as needed basis. Funds provided shall be from proceeds of a federally taxable CGO Series. The Commission will not collect an administrative fee on these funds.

For the record, Mr. Anderson and Mr. Feilke recused themselves from the Bayou Meto Irrigation Project (CGO) vote. Upon motion by Mrs. Cash, second by Mr. Fowlkes the Bayou Meto Irrigation Project (CGO) funding was approved by the Commission.

Upon motion by Mr. Anderson, second by Mrs. Cash the Commission approved the White River Regional Irrigation Water Distribution District (CGO) funding.

DEOBLIGATION OF FUNDS BY EXECUTIVE DIRECTOR

Mr. Bennett reported that the Executive director has deobligated funds for the following:

BODCAW (NEVADA COUNTY)
(00935-WSSW-L)

\$5,565.00

RECTOR (CLAY COUNTY)
(00887-WSSW-L)

\$77,250.00

W.PULASKI COUNTY PUBLIC WATER AUTHORITY
(00839-CGO-L)

\$2,060,000.00

CONSERVATION DIVISION

APPOINTMENTS AND REAPPOINTMENTS TO CONSERVATION DISTRICT BOARDS

Adrian Baber introduced Cody Harrington, Land Resource Specialist for the Northeast area. Mr. Baber then presented Conservation District Board Appointments to the Commission. Upon motion by Mr. Anderson, second by Mr. Richardson, the Commission approved the following appointments:

APPOINTMENTS

*Johnson County CD
Montgomery County CD
Pike County CD
Pope County CD*

*Connie Toombs
Jeff M. Black
Kay Stewart
David Oates*

Upon motion by Mrs. Cash, second by Mr. Anderson, the Commission approved the following reappointments:

REAPPOINTMENTS

*Boone County CD
Cleburne County CD
Cleveland County CD
Cleveland County CD
Conway County CD
Craighead County CD
Cross County CD
Cross County CD
Fulton County CD
Fulton County CD
Greene County CD
Jefferson County CD
Logan County CD
Pope County CD
Woodruff County CD*

*Wayne Crunkleton
Darrell Logan
Mack Johnson
Mike Stewart
Rusty Gregory
Alec Farmer
Bryan Moery
Robert Stacy
Luis Covas
Bruce Dietsche
Fred Gates
Neal Ward
Brent Wooley
Kent Dollar
W. Peyton Daniel III*

CERTIFICATION OF 2015 ELECTION RESULTS – CONSERVATION DISTRICT BOARDS

Mr. Richardson suggested the Commission adopt a policy in which an election could not be certified if less than five (5) persons participated in the election. The Commissioners discussed changes that could be made to improve district election participation. Upon motion by Mr. Richardson, second by Mrs. Cash the Commission approved certification of all district elections with exception to Clay County, Cross County, and Greene County because five or fewer votes were cast in those counties. Representatives from those districts will be requested to be present at the next meeting for justification of low voter attendance.

Mr. Carter distributed a compilation of votes over the past six years showing the average percent. (See attachment.)

CONSERVATION DISTRICT ACTIVITY REPORT – Mr. Bob Fowler introduced Mr. Roger Gold and Nedra Turney representing the Miller County Conservation District. Mrs. Turney gave a presentation highlighting the work of the conservation district.

BREAK/RECONVENE

WATER RESOURCES MANAGEMENT DIVISION

Arkansas Water Plan - Mr. Edward Swaim presented the Commissioners with the completed edition of the Arkansas Water Plan. Draft rules have been provided to Governor Hutchinson and we are awaiting final approval. Mr. Swaim introduced Todd Fugitt, ANRC Senior Geologist, who reported on the findings in the 2014 Annual Groundwater Report. Mr. Jim Battreal, Professional Geologist, concluded the summary.

ACTIVITY REPORTS

Activity reports were presented by the following: Rocky Harrell, Arkansas Association of Conservation District President; Dr. Stacey McCullough, U of A Cooperative Extension Service; and Jaysson Funkhouser, US Geological Survey.

ADJOURN

There being no further business, the meeting was adjourned.



J. Randy Young, P.E.
Executive Director and Secretary

5-20-15
Date