

**Minutes of the
ARKANSAS NATURAL RESOURCES COMMISSION
January 18, 2017**

The regular meeting of the Arkansas Natural Resources Commission was held Wednesday, January 18, 2017 at 9:30 a.m., at Arkansas Natural Resources Commission, 101 East Capitol Avenue, Suite 350, Little Rock, Arkansas.

Commissioners in attendance were Chairman Don Richardson, Vice Chairman Fred Fowlkes, Neal Anderson, Ann Cash, Sloan Hampton, Jerry Hunton, Bruce Leggitt and Bill Poynter.

Staff members in attendance included: Executive Director Bruce Holland; Ryan Benefield, Deputy Director; Edward Swaim, Water Resources Division Manager; Mark Bennett, Water Development Division Manager; Adrian Baber, Conservation Division Chief; Cynthia Bearden, Agency Controller; Crystal Phelps, General Counsel; Deanna Ray, Assistant General Counsel; Amanda Owens, Legal Services Specialist; Cody Harrington, Land Resource Specialist; Bob Fowler, Land Resource Specialist; Miccah Bowen, Program Coordinator; Joe Moore, Environmental Program Coordinator; Lori Nakai, Public Information Specialist; Dave Fenter, Grants Manager; Darla Brooks, Grants Manager; Regina French and Alison Keator, Financial Analyst; Gina Wilson, Construction Finance Analyst; Jim Battreal, Geology Supervisor; Trevor Timberlake, Engineer Supervisor; Whitney Montague, Ecologist; Laura Brown, Administrative Specialist III and Carla Hill, Executive Assistant.

A list of guests is attached to the minutes.

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

APPROVAL OF MINUTES: November 16, 2016

Upon motion by Mr. Fred Fowlkes, second by Mr. Neal Anderson the Commission unanimously approved the minutes of the November 16, 2016 regular meeting.

REPORT OF THE EXECUTIVE DIRECTOR- Bruce Holland, Executive Director

Director Holland gave an update on the Beautiful Buffalo River Action Committee emphasizing the concerns erosion and feral hogs have on the water quality.

Final Report to Governors from the Joint Study Committee and Scientific Professionals:

Deputy Director Ryan Benefield reported the Scenic Rivers Study determined the base level standard for water quality in the scenic rivers of Arkansas and Oklahoma is .035. Monitoring will continue on these rivers.

Status Report on Financial Assistance Programs - Mrs. Cynthia Bearden presented the financial assistance report dated December 31, 2016. (A copy of the report, Attachment "A", is attached to the minutes.) She stated 78% of the 63 WSSW systems were in good standing. No penalties have been assessed on those lacking a depreciation fund.

Legal Issues- Mrs. Crystal Phelps

Commissioner Expense Reimbursement and Stipend: Upon motion by Mr. Neal Anderson, second by Mrs. Ann Cash, the Commission, pursuant to Ark. Code Ann. §25-16-904 agreed to decline payment of an \$85.00 per meeting stipend attended for members of the Commission. Upon motion by Mrs. Ann Cash, second by Mr. Bill Poynter, the Commission, pursuant to Ark. Code Ann. §25-16-902, authorized expense reimbursement for official business at the rate of state employees.

Statement of Financial Interest: The Commissioners are to submit Statement of Financial Interest by January 31, 2017 to the Secretary of State's office.

Legislative Report: The legal section will provide an update of weekly legislative activity to interested persons.

WATER RESOURCES DEVELOPMENT DIVISION – Mr. Mark Bennett

Mr. Bennett presented staff recommendations for the referenced projects below requesting financial assistance from the Water Development Fund (WDF); Water, Sewer, Solid Waste (WSSW); and the Clean Water Revolving Loan Fund (CWRLF).

Upon motion by Mrs. Ann Cash, second by Mr. Sloan Hampton, the Commission approved the Washington County Property Owners Improvement District #5. Mr. Jerry Hunton recused himself from the vote. Upon motion by Mrs. Ann Cash, second by Mr. Bill Poynter, the Commission unanimously approved the following applications for financial assistance

A. POST-ISSUANCE COMPLIANCE POLICY

Mr. Bennett reported that the Commission staff is working to comply with the Commission's Post-Issuance Compliance Policy for the State of Arkansas' Water, Waste Disposal and Pollution Abatement General Obligation Bonds. The Little Rock firm of Thomas & Thomas LLP CPAs is preparing arbitrage rebate calculations required by the Internal Revenue Service. The Commission owes no rebate to the IRS.

All current spend down requirements have been met for ANRC's tax-exempt bonds. Staff is working with the city of Redfield to insure that the final spend down requirement is met before the August deadline for the 2014A Bond Issue.

The State of Arkansas Comprehensive Annual Financial Report (CAFR) will be filed with the Municipal Securities Rulemaking Board as soon as it is released; with that filing, the Commission will be in full compliance with the terms of the Continuing Disclosure Agreement.

Mr. Daniel Allen and Ms. Patricia Quinn, Raymond James and Associates Inc., gave a bond report update.

B. CONSIDERATION OF APPLICATIONS FOR:

FINANCIAL ASSISTANCE:

WIDENER – St. Francis County (WDF-G)

Up to \$10,300

PURPOSE OF FUNDS: Replace bridge hangers holding the water line on the Burnt Cane Bridge.

The Commission approved grant funds in an amount up to \$10,300 for the City of Widener from the Water Development Fund. An administrative fee in an amount up to \$300 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a 6% depreciation reserve fund.

WASHINGTON CO P.O. IMP DIST 5 – Washington County (WSSW-L)

Up to \$386,250

PURPOSE OF FUNDS: Operating costs.

The Commission approved loan funds in an amount up to \$386,250 for the Washington County Property Owners Improvement District #5 from the Water, Sewer and Solid Waste Fund. The loan is for up to ten (10) years at two and three quarters percent (2.75%) interest. An administrative fee in an amount up to \$11,250 is to be retained by the

Commission. Approval is contingent upon the District establishing and maintaining a depreciation reserve fund.

Mr. Jerry Kopke, Communities Unlimited, discussed the attributes of receivership for the Washington County Property Owners Improvement District.

McNEIL – Columbia County (WSSW-G)

Up to \$10,300

PURPOSE OF FUNDS: Replace 100 feet of 8 inch PVC gravity sewer main and encase in concrete.

The Commission approved grant funds in an amount up to \$10,300 for the City of McNeil from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$300 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund.

MINTURN – Lawrence County (WSSW-G)

Up to \$35,020

PURPOSE OF FUNDS: Replace pumps in pump house.

The Commission approved grant funds in an amount up to \$35,020 for the Town of Minturn from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$1,020 is to be retained by the Commission. Funds may be paid directly to Arkansas Rural Water Association for costs associated with this project. Approval is contingent upon the Town establishing and maintaining a 6% depreciation reserve fund.

Mr. Dennis Sternberg spoke on the technical assistance Arkansas Rural Water Association can provide Minturn.

TURRELL – Lawrence County (WSSW-G)

Up to \$51,500

PURPOSE OF FUNDS: Replace bridge crossing creek over to pump house.

The Commission approved grant funds in an amount up to \$51,500 for the City of Turrell from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$1,500 is to be retained by the Commission. The Executive Director may authorize the use of any remaining funds for other repairs at the pump station. In order to expedite the project, funds will be disbursed through Communities Unlimited or other entity approved by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund.

Mayor Dorothy A. Cooper requested immediate assistance for the City of Turrell.

Upon motion by Mr. Neal Anderson, second by Mrs. Ann Cash the Commission unanimously approved an increase in financial assistance for Lockesburg, conversion of a loan to a grant for Ozark Acres PFB, and a change in terms for Lepanto.

INCREASE IN FINANCIAL ASSISTANCE:

LOCKESBURG – Sevier County (CWRLF-L)

Up to \$300,000

PURPOSE OF FUNDS: Complete replacement of sewer lines.

The Commission approved additional loan funds in an amount up to \$300,000 for the City of Lockesburg from the Clean Water Revolving Loan Fund in accordance with the established funding priorities. The loan repayment schedule will not exceed thirty (30) years. The Executive Director will set the combined annual borrower rate and loan terms. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund.

CONVERSION OF LOAN TO GRANT:

OZARK ACRES PUBLIC FACILITIES BOARD – Sharp County (WDF-D)

Up to \$118,450

ANRC Loan #00538-WDF-D / Project # WRD-003-584

On August 9, 2006, the Board was approved for a deferred loan in the amount of \$118,450 from the Water Development Fund for a term of twenty (20) years, with a ten (10) year deferment, which included an administrative fee in the amount of \$3,450.00 which was retained by the Commission. Due to continued declines in the number of customers, the Board cannot meet their financial demands of the loan payments. Therefore, the Commission hereby converts Loan#00538-WDF-D to a grant.

CHANGE IN TERMS:

LEPANTO – Poinsett

ANRC Loan #00939-WDF-L / Project No. WRD-003-843

In March 2013, the Commission approved a loan in the amount up to \$1,030,000 for the City of Lepanto. The purpose was for the replacement and repair of leaking galvanized water pipes in the downtown area of the City. The project is almost complete and approximately \$280,000 remains in the construction account for additional work. The City has determined that the most needed repair to the water and sewer system is replacement of sewer collection lines.

The Commission rules for the Water Development Fund projects are hereby waived and the purpose for which the funds were provided is amended to include replacement of sewer collection lines and other repairs related to the sewer system.

CONSERVATION DIVISION – Mr. Adrian Baber

Appointments and Reappointments to Conservation District Boards :

Mr. Adrian Baber presented Conservation District Board Appointments to the Commission. Upon motion by Mrs. Ann Cash, second by Mr. Fred Fowlkes, the Commission unanimously approved the following appointments:

APPOINTMENTS

Clark County
Monroe County

Mike Callaway
Todd Smith

Upon motion by Mr. Bill Poynter, second by Mrs. Ann Cash, the Commission approved the following reappointments:

REAPPOINTMENTS

Calhoun County
Carroll County
Chicot County
Cleburne County
Jefferson County
Lawrence County
Pope County

Billy F. Williams
Coy Huff
Grady Keith
Patrick McGary
Meredith Baker
Tony Teel
Roy Reaves

Stone County
Pulaski County
Pulaski County

Eddie Stewart
Carl Eggers
Debbie Moreland

Upon motion by Mrs. Ann Cash, second by Mr. Neal Anderson, the Commission approved the following Conservation Director Emeritus:
Mr. Dale Smith, White County
Mr. Mack Johnson, Cleveland County

Conservation District Activity Report: Mr. Bob Fowler introduced Mr. Andrew Wargo III, Desha County Conservation District Director. Mr. Wargo praised the achievements of the Desha County Conservation District including the installation of 300 miles of underground pipeline.

WATER RESOURCES MANAGEMENT DIVISION – Edward Swaim


To better evaluate the drought conditions of the state, recommendations including measuring available streamflow, evaluating regional precipitation, and measuring water in the state's watersheds are being reviewed. Individual water use data base and use of meters is also providing more accurate water use calculations.

ACTIVITY REPORTS

Activity reports were presented by the following: Ms. Amanda Mathis, USDA Natural Resources Conservation Service; Mrs. Marth Manley, Arkansas Association of Conservation Districts; Dr. Mike Daniels, UA Cooperative Extension Service; and Mr. Jaysson Funkhouser, US Geological Survey.

ADJOURN

There being no further business, the meeting was adjourned.



Bruce Holland
Executive Director and Secretary



Date