

MINUTES
ARKANSAS NATURAL RESOURCES COMMISSION
March 21, 2018

The regular meeting of the Arkansas Natural Resources Commission was held Wednesday, March 21, 2018, at 9:30 a.m. at Arkansas Natural Resources Commission, 101 East Capitol Avenue, Suite 350, Little Rock, Arkansas.

Commissioners in attendance were Chairman Fred Fowlkes, Vice Chairman Jerry Hunton, Neal Anderson, Bruce Leggitt, Roy Reaves, Ann Cash, and Will Brewer. Commissioners Sloan Hampton and Bill Poynter could not attend.

Staff members in attendance included: Bruce Holland, Executive 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; Lori Nakai, Public Information Specialist; Dave Fenter, Grants Manager; Darla Brooks, Program Fiscal Manager; Linda Leigh Flannigan, Marketing Director; Randy Polk, Engineer; Tony Ramick, Fiscal/Program Manager; Jackie Broach, Administrative Analyst; Laura Brown, Administrative Specialist III; Whit Montague, Ecologist; Vicki Walden, Administrative Specialist III; Blake Walters, Land Resource Specialist; Gina Wilson, Construction Finance Analyst; Amanda Owens, Legal Support Specialist; and April Harris, Administrative Analyst.

A list of guests is attached to the minutes.

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

Chairman Fowlkes introduced Neal Anderson as being reappointed to the commission and Will Brewer as newly appointed to the commission.

APPROVAL OF MINUTES: November 15, 2017

Upon motion by Mr. Roy Reaves, seconded by Mr. Bruce Leggitt, the commission unanimously approved the minutes of the November 15, 2017, meeting.

REPORT OF THE EXECUTIVE DIRECTOR – Mr. Bruce Holland introduced April Harris as the new assistant of ANRC. He also reported ANRC budget bills, Act 3 and Act 161, were passed by the legislature. Mr. Holland updated the commission on a recent initiative of the governor which is to transform state government by reducing the number of state agencies that report directly to him, from 42 down to 20. Mr. Holland stated at this time there is no indication whether ANRC will merge with another agency or perhaps another agency, or more, will merge into ANRC. Nonetheless, this will be a long process before it is completed.

Service Recognition of ANRC Employees – Mr. Holland recognized career service for ANRC employees. There are eight employees receiving recognition with three in attendance of the commission meeting.

- Mr. Holland presented a 30-year service certificate to Mark Bennett for his service to the State of Arkansas.
- Mark Bennett presented a 30-year service certificate to Randy Polk for his service to the State of Arkansas.

- Edward Swaim presented a 30-year service certificate to Tony Ramick for his service to the State of Arkansas.

FINANCIAL ASSISTANCE REPORT - Mrs. Cynthia Bearden presented the financial assistance report dated February 28, 2018 (a copy of the report, Attachment "A", is attached to the minutes). She reported the following of the below funds:

- Water Development Fund - There will be \$2.6 million available for future projects after those approved today.
- Water, Sewer, and Solid Waste fund – Had to use \$163,000 from the reserve fund, but it will be replenished as payments come in.
- General Obligation Fund – More projects than we have funding for have been approved; however, expenses will be taken care of by additional General Obligation Bonds.

LEGAL ISSUES - Mrs. Crystal Phelps

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

Request to Amend Revisions to Titles 18, 20, and 21 before Sending Titles to Arkansas Legislative Council, Act 248 of 2017

Mrs. Phelps reported on public comment received on proposed revisions to Titles 18, 20, and 21 and suggested minor revisions as a result of the comments.

Upon motion by Mrs. Ann Cash, seconded by Mr. Neal Anderson, the commission unanimously approved the motion to amend the rules.

Request to Begin Rulemaking on Title 2

Mrs. Phelps stated Title 2 concerns rules governing the conservation districts and the revision to these rules does three things.

The first revision adds language to clarify the requirements of an appointed director of a conservation district versus an elected director of a conservation district. The revision would state an appointed director must own land in the conservation district, whereas an elected director must reside in the district. This revision ensures what is stated in the law echoes what is stated in the ANRC rules.

The second revision is for ANRC to delete a requirement that conservation district directors must attend two successive regular quarterly meetings. This has been impossible because quarterly meetings are not held.

The third revision is deletion of any duty imposed by existing rules that requires ANRC to pay association fees to the Arkansas Association of Conservation District or the National Association of Conservation District.

Upon motion by Mr. Roy Reaves, seconded by Mr. Neal Anderson, the commission unanimously approved the motion to amend the rules.

WATER RESOURCES DEVELOPMENT DIVISION – Mr. Mark Bennett reported the commission is in compliance with the Post-Issuance Compliance Policy for the State of Arkansas’s Water, Waste Disposal, and Pollution Abatement General Obligation Bond. The Little Rock firm of Thomas & Thomas LLP CPAs has been hired for arbitrage rebate calculations. The commission is current with arbitrage calculations and owes no rebate to the Internal Revenue Service. All current spend down requirements have been met for ANRC’s tax-exempt bonds. The State of Arkansas’s Comprehensive Annual Financial Report (CAFR) was filed with the Municipal Securities Rulemaking Board (MSRB) in January. Mr. Bennett further reported that no Material Event has occurred that requires notice to be filed with MSRB.

Mr. Bennett presented staff recommendations for the referenced projects below requesting financial assistance from the Arkansas Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bond Fund (CGO), the Water, Sewer and Solid Waste Fund (WSSW), the Arkansas Clean Water Revolving Loan Fund (CWRLF), the Arkansas Drinking Water State Revolving Fund (DWSRF), and the Water Development Fund (WDF).

Upon motion by Mr. Jerry Hunton, second by Mr. Will Brewer, the commission unanimously approved the Washington County Property Owners Improvement District #5.

Upon motion by Mr. Neal Anderson, second by Mr. Bruce Leggitt, the commission unanimously approved the following applications.

FINANCIAL ASSISTANCE:

WASHINGTON CO POID #5 – Washington County (CGO-L) Up to \$3,605,000
PURPOSE OF FUNDS: Costs associated with building a pipeline to Prairie Grove.
Customers 490.

The commission approved loan funds in an amount up to \$3,605,000 for the Washington County Property Owners Improvement District #5 from the Arkansas Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bond Fund. The loan is for thirty-two (32) years at four and one quarter percent (4.25%) interest with interest only payments for up to two (2) years. An administrative fee in an amount up to \$105,000 is to be retained by the commission. Approval is contingent upon the Property Owners Improvement District establishing and maintaining a three percent (3%) depreciation reserve fund.

WASHINGTON CO POID #5 – Washington County (WSSW-DL) Up to \$1,030,000
PURPOSE OF FUNDS: Costs associated with building a pipeline to Prairie Grove.
Customers 490.

The commission approved loan funds in an amount up to \$1,030,000 for the Washington County Property Owners Improvement District #5 from the Water, Sewer and Solid Waste Fund in the form of a deferred loan in accordance with the established funding priorities. This loan is for thirty (30) years with a repayment schedule of twenty-five (25) years at five percent (5%) interest. Payment upon principal is to be deferred for five (5) years and interest is to be waived

for five (5) years. An administrative fee in an amount up to \$30,000 is to be retained by the commission. Approval is contingent upon the Property Owners Improvement District establishing and maintaining a three percent (3%) depreciation reserve fund.

RUNYAN SEWER IMP DIST 211 – Pulaski County (CWRLF-L) Up to \$2,500,000
PURPOSE OF FUNDS: Rehab the sanitary sewer collection system by replacing certain sewer lines and manholes; improve equalization basin levees to prevent erosion along the side slopes. Customers 1403.

The commission approved loan funds in an amount up to \$2,500,000 for the Runyan Sewer Improvement District #211 from the Arkansas Clean Water State Revolving Loan Fund in accordance with the established funding priorities. The loan repayment schedule will not exceed twenty (20) years. The executive director will set the combined annual borrower rate and loan terms. Approval is contingent upon the district establishing and maintaining a three percent (3%) depreciation reserve fund.

INCREASE IN FINANCIAL ASSISTANCE:

Mr. Bennett introduced Mayor Kevin Elliott with the City of Marshall and Jeff Dehnhardt with Engineering Services, Inc. who both justified the need for an increase of funds for Marshall.

MARSHALL (01062-DWSRF-PF) Up to \$800,000
Customers 1127.

The commission approved additional funds in an amount up to \$800,000 for the City of Marshall from the Arkansas Drinking Water State Revolving Loan Fund for costs associated with the project.

SOUTH PIKE COUNTY W.F.B. (01098-DWSRF-PF) Up to \$60,000
Customers 307.

The commission approved additional funds in an amount up to \$60,000 for South Pike County Water Facilities Board from the Arkansas Drinking Water State Revolving Loan Fund for costs associated with the project

COTTER-GASSVILLE JOINT SEWER COMMISSION (01151-WSSW-L) Up to \$30,900
Customers 1200.

The commission approved additional loan funds in an amount up to \$30,900 for Cotter-Gassville Joint Sewer Commission from the Water, Sewer and Solid Waste Fund for costs associated with the project replacing ductile iron sections and regrading sewer lines. 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 \$900 is to be retained by the commission.

RAVENDEN SPRINGS

(01115-WDF-G)

Up to \$206,000

Customers 71.

The commission approved additional funds in an amount up to \$206,000 for the Town of Ravenden Springs from the Water Development Fund for water tank rehabilitation. An administrative fee in an amount up to \$6,000 is to be retained by the commission.

EMERGENCY FINANCIAL ASSISTANCE APPROVED BY EXECUTIVE DIRECTOR:

LAKE VIEW – Phillips County (WDF-G)

Up to \$20,600

PURPOSE OF FUNDS: Provide emergency assistance to restore water service to the residents of Lake View.
Customers 268.

The executive director approved grant funds in an amount up to \$20,600 for City of Lake View from the Water Development Fund. An administrative fee in an amount up to \$600 is to be retained by the commission. Funds may be paid directly to Arkansas Rural Water Association for costs associated with these repairs. Approval is contingent upon the city establishing and maintaining a six percent (6%) depreciation reserve fund.

OTHER:

Mr. Bennett informed the commission of projects bid "within budget" and "over budget". He stated as oil prices rise so do pipe prices. Additionally, prices go up as the economy realizes contractors are busy.

Mr. Bennett also stated Senator Boozman has been working on a bill titled Securing Required Funding for Water Infrastructure Now (SRF WIN). If this bill is approved it will allow ANRC to go directly to the U.S. Treasury to borrow money directly from the government. This would significantly reduce the cost of borrowing for ANRC and make it easier for the commission to issue bonds.

CONSERVATION DIVISION – Mr. Adrian Baber presented Conservation District Board appointments and reappointments to the commission. Mr. Baber also presented the results of the March 2018 Conservation District Election.

Appointments to Conservation District Boards - Upon motion by Mrs. Ann Cash, seconded by Mr. Bruce Leggitt, the commission unanimously approved the following appointments:

- | | |
|---------------------|----------------|
| Ashley County | Jim Hudson |
| Conway County | John Trafford |
| Garland County | Tommy Sorrells |
| Grant County | Hunter Phelps |
| Hempstead County | Kenneth Knoll |
| Independence County | Eddie Wagoner |
| Ouachita County | Sharon LaBeff |
| Perry County | Kim Thibodaux |
| Van Buren County | Guinn Aday |

Reappointments to Conservation District Boards - Upon motion by Mrs. Ann Cash, seconded by Mr. Roy Reaves, the commission unanimously approved the following reappointments:

Boone County	Wayne Crunkleton
Cleburne County	Darrell Logan
Cleveland County	Mike Stewart
Conway County	Rusty Gregory
Craighead County	Alec Farmer
Cross County	Bryan Moery
Cross County	Robert Stacy
Fulton County	Luis Covas
Fulton County	Bruce Dietsche
Greene County	Fred Gates
Logan County	Brent Wooley
Monroe County	John Pittigrew
Pope County	Kent Dollar
Woodruff County	W. Peyton Daniel

WATER RESOURCES MANAGEMENT DIVISION – Mr. Edward Swaim reported on three recommendations from the water plan (drought planning, water use data, and ANRC efforts with USGS) and what is being done to implement them. Some examples of implementation include a drought committee, tax credits, and placement of meters in the state by USGS.

ACTIVITY REPORTS

Activity reports were presented by Mr. Steve Martin, Arkansas Association of Conservation Districts; Brittany Singleton, UA Cooperative Extension Service; Drew Westerman, U.S. Geological Survey; and Trevor Timberlake, U.S. Army Corps of Engineers.

OTHER BUSINESS

Commissioners Ann Cash and Jerry Hunton both stated they would like to resign from their positions as board members on the Arkansas Agriculture Board. Commissioners Bruce Leggitt and Will Brewer have elected to fill their spots on the board.

Mr. Hunton asked if ANRC had any information on the several counties that were declared as drought emergency counties. Mr. Swaim stated not formally, but as part of the drought planning process we will be able to provide data used to make those declarations. Mr. Hunton suggested the agency should get that information; Mr. Swaim stated he would look into it.

ADJOURN

There being no further business, Mrs. Ann Cash, seconded by Mr. Neal Anderson, motioned to adjourn the meeting.



Bruce Holland
Executive Director and Secretary

18 May 2018
Date