

MINUTES
ARKANSAS NATURAL RESOURCES COMMISSION
November 14, 2018

The regular meeting of the Arkansas Natural Resources Commission was held Wednesday, November 14, 2018, at 9:30 a.m. at Arkansas Natural Resources Commission, 101 East Capitol, Suite 350, Little Rock, AR 72201.

Commissioners in attendance were Chairman Fred Fowlkes, Jerry Hunton, Neal Anderson, Bruce Leggitt, Roy Reaves, Bill Poynter, and Sloan Hampton.

Commissioners Ann Cash and Will Brewer were unable to attend.

Staff members in attendance included: Bruce Holland, Executive Director; 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; Darla Brooks, Grants Manager; Bob Fowler, Land Resource Specialist; Brooks Davis, Land Resource Specialist; Bill Ruck, Engineer Supervisor; Vicki Walden, Administrative Specialist III; Lori Scott-Nakai, Public Information Specialist; Shay Coleman-Jones, Project Administrator; Chase Webb, Engineer; Martha Washington, Program Coordinator; Debby Dickson, Program Fiscal Manager; Stephen Smedley, Engineer; Jim Battreal, Geology Supervisor; Laura Brown, Administrative Specialist III; 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 (ANRC) to order.

APPROVAL OF MINUTES: September 19, 2018

Upon motion by Mr. Roy Reaves, seconded by Mr. Bill Poynter, the commission unanimously approved the minutes of the September 19, 2018 meeting.

REPORT OF THE EXECUTIVE DIRECTOR – Director Holland reported Governor Hutchinson has announced that through his transformation plan ANRC will become part of the Arkansas Agriculture Department. There will be no changes in how ANRC functions and the commission will remain. However, the legislature has to approve the Governor's consolidation of agencies before this transformation will occur.

Beautiful Buffalo River Action Committee (BBRAC) meeting was held yesterday which during a report was given by U.S. Geological Survey (USGS) on water quality around the hog farm location on the river (report stated no direct contamination from farm).

Director Holland announced he signed a new agreement between Arkansas and Oklahoma for improvements going forward on water quality issues in the Illinois River Watershed.

Furthermore, Director Holland recognized and read a letter from members of the Mount Sherman Water Association Board of Directors wherein it praised ANRC employees Shay Coleman-Jones and Chase Webb for their professionalism in representing ANRC while conducting a recent meeting. The letter also gave thanks to ANRC for help in financing their project.

Lastly, Director Holland addressed an issue with one of the conservation districts wherein ANRC received a petition for removal of two conservation district directors. Pursuant to the conservation district law, a director may be removed from office only for neglect of duty and malfeasance in office. The petitioner alleges malfeasance due to a violation of the Freedom of Information Act (FOIA) open meetings law. ANRC staff investigated said allegations and learned two directors, who met by chance outside a local store, spoke about a matter that might be discussed at a board meeting. Director Holland stated for their removal he must find both in violation of FOIA which would be equivalent to malfeasance. Director Holland stated ANRC findings do not comply with malfeasance for their removal from office. Instead, Director Holland recommends writing a letter to the board explaining what happened and cautioning the directors. The letter should also explain what constitutes a meeting and what doesn't. Mr. Leggitt asked where this happened. General Counsel Phelps stated Buffalo Conservation District (Searcy County). *Mr. Neal Anderson made a motion to accept the Director's recommendations; Mr. Bill Poynter seconded the motion and it was unanimously accepted.*

FINANCIAL ASSISTANCE REPORT - Mrs. Cynthia Bearden, Agency Controller, presented the financial assistance report dated October 31, 2018 (a copy of the report, Attachment "A", is attached to the minutes).

Mrs. Bearden stated this year there were two recommendations from Legislative Audit of which ANRC had to address. One, vendor contract reporting is to be done on a quarterly basis, whereas, we have been doing on an annual basis. Second, state vehicle logs were an issue. We have corrected both recommendations.

WATER RESOURCES DEVELOPMENT DIVISION – 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).

FINANCIAL ASSISTANCE:

Mr. Bennett fielded questions from the commissioners on financial assistance applications presented for approval. Commissioner Reaves expressed his concern for more in-depth information to be provided on the requests of future financial assistance applications before the commission votes on them. Mr. Bennett stated he will begin putting more information into the future reports.

Upon motion by Mr. Roy Reaves, seconded by Mr. Neal Anderson, the Commission unanimously approved the following applications:

WEST FORK – Washington County (CGO-L)

Up to \$412,000

PURPOSE OF FUNDS: Right of Way for sewer line and pump station to Fayetteville.

Customers 800.

Approve loan funds in an amount up to \$412,000 for the City of West Fork from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Fund. The loan is for twenty (20) years at three and nine-tenths percent (3.9%) interest. An administrative fee in an amount up to \$12,000.00 is to be retained by the Commission. Approval is contingent upon the Applicant establishing and maintaining a depreciation reserve fund.

WEST FORK – Washington County (CWRLF-PF)

Up to \$4,500,000

PURPOSE OF FUNDS: Sewer line and pump station to Fayetteville. Customers 800.

Approve funds in an amount up to \$4,500,000 of which the total amount will be in the form of a loan with principal forgiveness for the City of West Fork from the Arkansas Clean Water State Revolving Loan Fund in accordance with the established funding priorities. Approval is contingent upon the Applicant establishing and maintaining a six percent (6%) depreciation reserve fund.

WEST FORK – Washington County (CWRLF-L)

Up to \$3,500,000

PURPOSE OF FUNDS: Sewer line and pump station to Fayetteville. Customers 800.

Approve loan funds in an amount up to \$3,500,000 for the City of West Fork from the Arkansas Clean Water State Revolving Loan Fund in accordance with the established funding priorities. The Executive Director will set the combined annual borrower rate and loan terms. Approval is contingent upon the Applicant establishing and maintaining a six percent (6%) depreciation reserve fund.

LITTLE ROCK #15 – Pulaski County (CWRLF-L)

Up to \$51,400,000

PURPOSE OF FUNDS: Rehabilitation of the existing collection system or installation of a new sanitary sewer main. Customers 69,410.

Approve loan funds in an amount up to \$51,400,000 for the City of Little Rock from the Arkansas Clean Water State 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 applicant establishing and maintaining a depreciation reserve or other reserve fund acceptable to the Executive Director.

VILONIA WATERWORKS ASSOC – Faulkner County (DWSRF-L)

Up to \$850,000

PURPOSE OF FUNDS: Waterline capital improvements. Customers 10,305

Approve loan funds in an amount up to \$850,000 for Vilonia Waterworks Association from the Arkansas Drinking 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 Applicant establishing and maintaining a three percent (3%) depreciation reserve fund.

STAMPS – LAFAYETTE COUNTY (WDF-G)

Up to \$154,500

PURPOSE OF FUNDS: Additional meters.

Approve grant funds in an amount up to \$154,500 for the City of Stamps from the Water Development Fund. An administrative fee in an amount up to \$4,500 is to be retained by the Commission. Approval is contingent upon the Applicant establishing and maintaining a six percent (6%) depreciation reserve fund.

WASHINGTON COUNTY POID #5 – Washington County (Additional) (WSSW-DL)

Up to \$618,000

PURPOSE OF FUNDS: Bid overruns associated with building a pipeline to Prairie Grove.

Customers 490

Approve funds in an amount up to \$618,000 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 twenty-eight (28) years with a repayment schedule of twenty-five (25) years at five percent (5%) 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 \$18,000 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.

Jerry Kopke, Communities Unlimited, Inc., reiterated the importance of approving an additional \$618,000 as a deferred loan for Washington County project funds.

METER REPLACEMENT PROJECTS:

DWSRF-L 10 Years @ 0.5%

	ENTITY	COUNTY	CUSTOMERS	METERS	AMOUNT
1	Bearden	Ouachita	856	856	\$ 303,400.00
2	Carlisle	Lonoke	959	959	\$ 393,000.00
3	E Johnson Co Water Users Assoc	Johnson	1,616	1,616	\$ 575,000.00
4	McCrory	Woodruff	878	878	\$ 415,000.00
5	Pocahontas	Randolph	3625	3625	\$ 1,100,000.00

WAIVER OF RULE SECTION 1507.1 OF THE SAFE DRINKING WATER PROGRAM

The following applicant is a viable non-profit water provider and the amount of assistance provided will not materially impact the amount of funds available to pledge for leveraging should the need arise:

- East Johnson County Water Users Association, Inc.
- Vilonia Waterworks Association

Therefore, the requirement that this applicant be a political sub-division of the state is waived.

METER REPLACEMENT PROJECTS:

WDF-L 10 Years @ 0.5% (Fee is Waived)

	ENTITY	COUNTY	CUSTOMERS	METERS	AMOUNT
1	Dyer	Crawford	396	220	\$111,000.00
2	Guy	Faulkner	838	838	\$261,000.00
3	Piggott	Clay	2045	1000	\$275,000.00
4	SW AR Water Facilities Board	Hempstead	2096	2096	\$185,000.00

METER REPLACEMENT PROJECTS:

WSSW-L 10 Years @ 0.5% (Fee is Waived)

	ENTITY	COUNTY	CUSTOMERS	METERS	AMOUNT
1	Baxter-Marion Rural Water	Baxter/Marion	290	290	\$ 93,000.00

INCREASE IN FINANCIAL ASSISTANCE:

HELENA-WEST HELENA – PHILLIPS COUNTY (01174-DWSRF-L)

Up to \$700,000

Additional project costs - \$3,500,000 was approved by the Commission in September of 2018 from the Arkansas Drinking Water State Revolving Loan Fund. Total funding under DWSRF will now be \$4,200,000.

REPORT ON EXECUTIVE DIRECTOR'S ACTIONS PROVIDING ADDITIONAL FUNDING:

WABBASEKA (01155-WSSW-G)

Up to \$25,750

Approved additional funds from the Water, Sewer and Solid Waste Fund due to cost overrun.

CHANGE IN TERMS:

Upon motion by Mr. Neal Anderson, seconded by Mr. Bill Poynter, the Commission unanimously approved the following change in terms:

FAIRFIELD BAY – VAN BUREN COUNTY (01177-WSSW-L)

Up to \$250,805

Change funding source which was approved by the Commission in September of 2018 from the Water, Sewer and Solid Waste Fund to the Water Development Fund.

NASHVILLE RURAL WATER PUBLIC AUTHORITY (01185-DWSRF-L)

Up to \$400,000

Change funding source which was approved by the Commission in September of 2018 from the Arkansas Drinking Water State Revolving Loan Fund to the Water Development Fund (Meter Project).

DEOBLIGATION OF FUNDS:

STAR CITY (01164-CGO-L)

Up to \$2,060,000

Deobligate funds in the amount of \$2,060,000 that were approved in July of 2018 from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Fund. Entity is using USDA funding.

CONSERVATION DIVISION – Mr. Adrian Baber, Conservation Division Chief, presented Conservation District Board appointments to the commission.

Appointments to Conservation District Boards – *Upon motion by Mr. Fred Fowlkes, seconded by Mr. Bruce Leggitt, the commission unanimously approved the following appointments:*

Luis Covas	Fulton County
Nathan Criss	Fulton County
Matt Wingfield	Nevada County

Commissioner Leggitt addressed the issue of the Arkansas Association of Conservation Districts (AACD) no longer meeting with ANRC. He stated the past annual meetings were a good gesture of partnership and continuity between the commission, the conservation districts, and conservation partners. He expressed his concerns about AACD distancing their relationship with ANRC and asked that the commission consider hosting its own annual state meeting with the conservation districts in Arkansas; nevertheless, still invite AACD. The commission agreed with Mr. Leggitt that ANRC should take action to keep a good relationship with conservation districts and begin holding its own annual meeting with the districts. Commissioner Leggitt stated he was not expecting a motion to be made today, but wanted to address it so the commission could think about it. Director Holland stated more discussion will need to go into this; Commissioner Leggitt requested it be brought up again at the next commission meeting.

ACTIVITY REPORTS

Activity reports were presented by Amanda Mathis, USDA Natural Resources Conservation Service (NRCS); Drew Westerman, U.S. Geological Survey (USGS); Wes Ward, Arkansas Agriculture Department (AAD); and Trevor Timberlake, US Army Corps of Engineers (USACE).

OTHER BUSINESS

Adoption of Schedule of Meetings for 2019: *Upon motion by Mr. Roy Reaves, seconded by Mr. Bruce Leggitt, the commission unanimously approved the following schedule of dates for 2019: January 16, 2019; March 20, 2019; May 15, 2019; July 17, 2019; September 18, 2019; November 2019 (to be determined).*

Elections of Officers for the year 2019: Nominating Committee Chairman Neal Anderson recommended officers for 2019: Mr. Sloan Hampton, Chairman, and Mr. Bill Poynter, Vice Chairman. *Upon motion by Mr. Bruce Leggitt, seconded by Roy Reaves, the commission unanimously approved the recommendation for the year 2019 Chairman and Vice Chairman.*

ADJOURN

There being no further business, the meeting was adjourned.



Bruce Holland
Executive Director and Secretary


Date

