

MINUTES
ARKANSAS NATURAL RESOURCES COMMISSION
January 19, 2022

The regular meeting of the Arkansas Natural Resources Commission (ANRC) was held in person and via WebEx/teleconference on Wednesday, January 19, 2022, at 9:30 a.m. at the Arkansas Department of Agriculture, 1 Natural Resources Drive, Little Rock, AR 72205.

Commissioners in attendance were as follows: Chairman Roy Reaves, Vice Chairman Will Brewer, Bruce Leggitt, Neal Anderson, JoAnne Bush, William Anderson, and Jamie Burr. Commissioners Bill Poynter and Eddie Glover were not able to participate in the meeting.

Staff members in attendance included: Chris Colclasure, Director; Ryan Benefield, Deputy Director; Debby Dickson, Program Fiscal Manager; April Harris, Administrative Analyst; Richard Dawson, Engineer Supervisor; Darla Brooks, Program Fiscal Manager; Tate Wentz, Water Quality Division Manager; Dean Marlin, Rural Construction Grant/Financial Officer; Megan Perkins, Conservation Program Coordinator; J.P. Fairhead, Feral Hog Program Coordinator; Gaylon Stanfield, Network Support Analyst; Robert Claxton, Computer Support Analyst; Wade Hodge, Chief Counsel; Kolton Jones, Attorney; Wes Ward, Secretary of Agriculture; Cynthia Edwards, Deputy Secretary of Agriculture; and others attending virtually.

A list of guests is attached to the minutes.

Chairman Reaves called the ANRC meeting to order, and roll was called.

APPROVAL OF MINUTES: December 15, 2021

Upon motion by Mr. William Anderson, seconded by Mr. Will Brewer, the Commission unanimously approved the minutes of the meetings held on December 15, 2021.

COMMISSIONER EXPENSE REIMBURSEMENT AND STIPEND

Mrs. April Harris presented information pertaining to the stipend and travel reimbursement. *Upon motion by Mr. Bruce Leggitt, seconded by Mr. Neal Anderson, the Commission, pursuant to Ark. Code Ann. §25-16-904 and Ark. Code Ann. §25-16-902, agreed to decline payment of an \$85.00 per meeting attended stipend for members of the Commission, and approved travel expense reimbursement for official business at the rate of state employees.*

REPORT OF THE DIRECTOR – Director Colclasure began by highlighting events occurring within the Arkansas Natural Resources Division (ANRD):

- Conducting an internal audit of the agency land holdings across the state
- Analyzing agency vehicle fleet
- Planning ahead for commission meetings throughout the year
- Staff changes (currently have 9 vacancies with 2 more soon to open; 2 employees leaving {David Stowers transferring to another state agency, Dean Marlin is retiring})
- Recognized Dean Marlin for being with the agency 32 years/36 years with State of Arkansas

- Infrastructure Plan & Advisory Committee has been established. Secretary Ward & Director Colclasure are serving on the committee with about 16 other state agency heads.

Next, updates on sections within the agency were given:

Groundwater

- Increase interest in applications & approvals for conservation tax credit
- Arkansas Water Well Contractors Association annual meeting/trade show & the Arkansas Water Well Construction Commission meeting will be held January 27-28, 2022.
- Interviewing for section head position

Conservation

- Press release for poultry registration program was sent to the Department of Agriculture; also working with Livestock & Poultry Commission on future plans for the program
- Chief Fiscal Officer, Inoussa Zaki, for Dept. of Agriculture is currently working on third party contractor to provide auditing services for the conservation districts
- Working with University of Arkansas Little Rock Economic Development Institute on economic analysis of groundwater in east Arkansas
- Director Colclasure & Megan Perkins will be attending a meeting with Governor's office staff. Additional meetings with the Arkansas Department of Transportation & Entergy are in works to discuss irrigation project needs

319/Unpaved Roads

- Public hearing was held on January 11th for Unpaved Roads rule; no public comments have been received yet
- Working to elevate the Unpaved Roads program (an article was submitted to County Lines magazine & staff will be attending the Judges Winter Meeting, both of which are with the Association of Arkansas Counties)
- 2021 Non-Point Source Annual Report has been finalized & submitted, sent to Dept. of Ag communications division, and will be submitted to Environmental Protection Agency by January 31, 2022
- Organizing stakeholder meetings for the Arkansas Nutrient Reduction Strategy

Water Resources Development

- Currently managing approximately 127 water/wastewater projects across the state
- Staff met to review the 17 levee projects across the state & are reviewing left-over funding for reallocation to other projects
- Approvals prior to the Commission have been received on General Obligation Bonds

Floodplain Management/Dam Safety

- Staff is working with Federal Emergency Management Area (FEMA) on our Fiscal Year 2022 Flood Risk Mapping projects; will be expanding scope of work
- Successfully completed property buyouts on repetitive loss structures in Little Rock (1) & Jonesboro (5) funded through FEMA

FINANCIAL ASSISTANCE REPORT - Mr. Inoussa Zaki, Chief Fiscal Officer, presented the financial assistance report dated December 31, 2021.

LEGAL – Mr. Kolton Jones reminded the commissioners that a Statement of Financial Interest is to be completed and returned to the Secretary of the State Office (SOS) by January 31, 2022.

Act 605 rules will go before the legislature for review next week on January 26th and January 28th. If passed, the rules will then be filed with the SOS and will take effect ten days after filing.

The public comment period for the Unpaved Road rules ends on January 22, 2022. If no comments to address, then the rules will go to the legislature for review, then file with SOS.

WATER RESOURCES DEVELOPMENT SECTION

Upon motion by Mr. Neal Anderson, seconded by Mr. Bruce Leggitt, the Commission unanimously approved the following staff recommendations for financial assistance and for an increase in financial assistance:

**Mr. William Anderson recused himself from making a motion on the White River Regional Irrigation District due to personal relations.*

Mrs. Debby Dickson presented staff recommendations for the referenced project below requesting financial assistance from the Water Development Fund (WDF), the Arkansas Drinking Water State Revolving Fund (DWSRF), and the Arkansas Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bond Fund (CGO).

FINANCIAL ASSISTANCE:

Town of Jennette Crittenden County

Project: Wastewater System Pump Station Improvements

Project Description

The Town of Jennette applied for financial assistance to fund their wastewater system pumpstation improvement project. The main problem associated with the existing wastewater collection system is with the pump stations. The original system was installed in 1998, making everything approximately 23-years old. The Town has spent a tremendous amount of money over the years trying to operate and maintain the pump stations, from replacing pumps and motors to expenses associated with the electrical components that have gone bad.

The proposed project will include the rehabilitation of two wastewater pump stations, primarily for the purchase of new pumps. Recently the Arkansas Rural Water Association has been assisting the Town to repair the pumps until replacements can be funded and purchased. The current pumps require manual priming almost daily.

Project Financial Information

The current monthly sewer bill for Jennette is \$28.00 based on 4,000 gallons of usage. Jennette will be required to increase their sewer rates by 54%, which equates to \$43.12 for a 4,000-gallon bill. Should it be determined during the term of this loan that the rates are not sufficient in covering required debt service along with operation and maintenance costs, Jennette will be required to increase rates. The current three-year (2017-2019) average Median Household Income (MHI) provided by UALR for Jennette is \$24,306. Jennette listed their sewer customer base for this project at 46. Jennette has one outstanding loan with ANRC and is current on all payments.

Estimated Water Project Costs

Construction:	\$160,000
Contingencies	16,000
Engineering – Planning, Design & Construction	15,000
Engineering – Inspection	7,878
Legal Fees	0
Administrative	0
Capitalized Interest during Construction	0
Other – Estimated Capitalized Interest During Construction	1,122
Other – 3% Loan Origination Fee for State Programs	3,000
Total Estimated Capital Cost:	\$203,000

Executive Director's Recommendation

Recommend the commission approve a loan in an amount up to \$103,000 (includes 3% fee of \$3,000) and a grant in an amount up to \$100,000 from the Water Sewer Solid Waste program.

In addition, authorize the executive director of the commission the discretionary authority to increase the amount of financial assistance to the applicant for bid overruns by an amount up to 10% of the commission funding amount (\$20,000) without returning to the commission for approval. Such increase in financial assistance shall be granted only after consultation with the commission chairman. Any financial assistance increases pursuant to this section shall be reported to the commission in its entirety at the next regularly scheduled Commission meeting.

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

**City of Marshall
Searcy County**

Withdrawn by applicant, may be ready for the March commission meeting.

**Tucker Lake Levee & Drainage District
Jefferson County**

Project: Hydraulic Flood Gate Replacement

Project Description

Tucker Lake Levee & Drainage District (Tucker Lake) is currently seeking financial assistance to replace their hydraulic flood gates. Two temporary coffer dams will be required to remove and replace the existing flood gate.

Project Financial Information

The levee district has a single source of funding through a property tax assessment. Tucker lake expects to collect a minimum of \$22,000 in assessment taxes to cover their annual expenses as well as service their debt. The levee district will increase property tax assessments for debt service as needed. Tucker Lake does not currently have any loans with ANRC.

Estimated Project Costs

Construction:	\$100,000
Contingencies	10,000
Engineering – Planning, Design & Construction	11,000
Engineering – Inspection	4,950
Legal Fees	0
Administrative	0
Capitalized Interest during Construction	350
Other: Issuance Fee	3,110
Total Estimated Capital Cost:	\$129,410
Less – Local Contribution	-22,627
ANRC Funding requested	\$106,783

Executive Director's Recommendation

Recommend the Commission approve a loan in an amount up to \$106,783 (includes 3% fee of \$3,110) from the Water Development Fund contingent upon adequate dedicated sources of revenue from the district for debt service.

In addition, authorize the executive director of the commission the discretionary authority to increase the amount of financial assistance to the applicant for bid overruns by an amount up to 10% of the commission funding amount (\$10,367) without returning to the commission for approval. Such increase in financial assistance shall be granted only after consultation with the commission chairman. Any financial assistance increases pursuant to this section shall be reported to the commission in its entirety at the next regularly scheduled Commission meeting.

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund. The repayment schedule will not exceed twenty (20) years or the life of the project.

White River Regional Irrigation District Prairie

Project: The Grand Prairie Demonstration

Project Description

White River Regional Irrigation District (WRRID) is applying for financing to complete segment 1 which consists of the construction match requirement, Right-of-Way acquisition, and Bridges that are the local responsibility.

The Grand Prairie Demonstration Project (GPDP) is located in portions of the following counties: Prairie, Lonoke, Arkansas, and Monroe. The project covers approximately 300,000 acres which includes 1,400 tracts of land. This heavily irrigated area primarily contains 250,000 acres of irrigated cropland composed of 90,000 acres of rice, 140,000 acres of soybeans and 20,000 acres of corn or other crops. This area is also home of several food giants such as Riceland Foods, Producer Mills, Stratton Seed, and other critical industries important to the agriculture industry and the agriculturally based economy of the region and state.

This area is the center of Arkansas' ground water decline area with a considerable number of alluvial aquifer water supply exhausted and moving into the Sparta aquifer, WRRID's industrial and drinking water supply is not sustainable. Efforts have been underway to provide solutions from as early as the 1930's with a completed study in the 1990's with a US Army Corps of Engineers construction start year of 2000. Currently, approximately 350 farms (approximately half) have been converted to significant surface water with on-farm storage and tailwater capture and re-use.

A pumping plant is currently on standby and waiting for power to deliver excess surface water from the White River. One and one-half mile of buried twin 10-foot pipes have been installed to move 1600 CFS (700,000 GPM) of water into an in-place regulating reservoir waiting to receive the water.

Agreements have been signed between local sponsors and USDA NRCS totaling approximately \$48,000,000 to construct the primary canal system from the Reservoir to the Hazen Airport, a distance of 12 miles, that will service more than 40,000 acres of irrigated cropland. This is segment 1 of 6 segments and when completed, will be financially sustainable. The estimated costs of segment 1 is \$82,000,000.

Estimated Project Costs

Construction:	\$79,635,942
Contingencies	0
Engineering – Planning, Design & Construction	1,250,000
Engineering – Inspection	1,000,000
Legal Fees	60,000
Administrative	0
Capitalized Interest during Construction	0
Other: Administrative and Contract Administration	596,000
Other: Right of Way and Utility Relocations	6,469,091
Total Estimated Capital Cost:	\$89,011,033
Less – NRCS grant	-48,326,957
Less - Previous ANRC Loan	-14,600,000
ANRC Funding requested	\$26,084,076

Executive Director's Recommendation

Recommend the commission approve a loan in an amount up to \$26,084,076 from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Fund and waive the 3% Issuance fee.

In addition, authorize the executive director of the commission the discretionary authority to increase the amount of financial assistance to the applicant for bid overruns by an amount up to 10% of the commission funding amount (\$2,608,407) without returning to the commission for approval. Such increase in financial assistance shall be granted only after consultation with the commission chairman. Any financial assistance increases pursuant to this section shall be reported to the commission in its entirety at the next regularly scheduled Commission meeting.

If approved, the executive director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

INCREASE IN FINANCIAL ASSISTANCE:

Mrs. Debby Dickson presented staff recommendations for the referenced project below requesting an increase in financial assistance from the Water, Sewer and Solid Waste Fund (WSSW).

City of Louann Ouachita County

Project: Bid Overruns (Additional Funding Request)

Project Description

The commission approved funding for the city of Louann in the September 16, 2020, meeting in an amount up to \$87,669 (Loan #01303-WSSW-L) for the water well replacement project. Current market conditions have increased construction costs which has led to bid overruns. As a result, Louann is requesting an additional funding in an amount up to \$70,040 (includes 3% issuance fee).

Project Financial Information

The current residential and Frenchport monthly sewer bill for Louann is \$36.23 and \$10.76, respectively based on 4,000 gallons of usage. Should it be determined during the term of this loan that the rates are not sufficient in covering required debt service along with operation and maintenance costs, the city will be required to increase rates. The current three-year (2017-2019) average Median Household Income (MHI) provided by UALR for Louann is \$48,972, and they listed their current residential and Frenchport sewer customer base for this project at 81 and 1, respectively. Louann is current on all ANRC loans.

	Previously Approved	Additional Funds	Total Cost Estimate
Construction:	225,900	67,084	292,984
Contingencies	22,590	916	23,506
Engineering – Planning, Design, &	21,460.50	0	21,460.50
Engineering - Inspection	10,165.50	0	10,165.50
Legal Fees	0	0	0
Administrative	0	0	0
Capitalized Interest during Construction	0	0	0
Issuance Fee	0	0	0
Other: O & M	5,000	0	5,000
Other- 3% fee	2,553	2,040	4,593
Water Total Estimated Capital Cost:	287,669	70,040	357,709
ADED Grant Funding	-200,000	0	-200,000
ANRC Funding	\$87,669	\$70,040	\$157,709

Executive Director's Recommendation

Recommend the commission approve a loan in an amount up to \$70,040 in additional funds from the Water Sewer Solid Waste Fund.

In addition, authorize the executive director of the commission the discretionary authority to increase the amount of financial assistance to the applicant for bid overruns by an amount up to 10% of the commission funding amount (\$7,004) without returning to the commission for approval. Such increase in financial assistance shall be granted only after consultation with the commission chairman. Any financial assistance increases pursuant to this section shall be reported to the commission in its entirety at the next regularly scheduled Commission meeting.

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

GENERAL OBLIGATION BONDS:

Post-Issuance Compliance Reporting

The Commission's Post-Issuance Compliance Policy for the State of Arkansas' Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds requires preparation of the arbitrage rebate calculations, meeting spend down requirements, and submission of the State of Arkansas ACFR (Annual Comprehensive Financial Report) on or before the applicable deadline.

The Little Rock firm of Thomas & Thomas LLP CPA prepared and submitted the 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.

While GO Bonds have an outstanding balance, the Issuer is required to provide the Annual Financial Information on or before 210 or 270 days after the end of the State's fiscal year, to the

Municipal Securities Rulemaking Board (MSRB), through its continuing disclosure service portal provided through Electronic Municipal Market Access (EMMA).

The 2014A series and earlier have an annual due date of January 26th

The 2014B series and later have an annual due date of March 26th

The State of Arkansas ACFR has not been issued by the Department of Finance and Administration (DFA). DFA estimates the ACFR will be published January 21, 2022. Once published, ANRC Staff will have the ACFR filed with the MSRB. With that filing, the Commission will be in full compliance with the terms of the Continuing Disclosure Agreement.

Current bond proceeds unexpended:

Series 2017B (taxable) \$11,481,010.52

General Obligation Bond Summary

Director Colclasure stated the Commission is authorized to issue bonds under Act 607 of 1997 and Act 631 of 2007, and on September 15, 2021, the Commission approved the bond work plan request of \$83,535,000 (\$23,535,000 under Act 607; \$60,000,000 under Act 631).

On December 7, 2021, we received a letter from the Secretary of DFA documenting concurrence of the Work Plans. Then on December 17th a letter from Arkansas Legislative Council indicated their passing of a motion to file the Work Plans with favorable advice. Lastly, on January 3, 2022, we received proclamations from Governor Hutchinson approving the terms and provisions of the work plans.

Director Colclasure stated to the Commission the next step is for them to approve the resolutions giving the director, the chairman, financial advisor (Raymond James), and our bond council (Friday Firm), all working together, to determine the amount of bonds to be sold. Director Colclasure provided a history of previous bond sales in a summary handout.

Upon motion by Mr. Will Brewer, seconded by Mr. Neal Anderson, the Commission unanimously approved Resolution No. 2022-01 in regard to Act 607 of 1997 and Resolution No. 2022-02 in regard to Act 631 of 2007.

CONSERVATION SECTION – Mrs. Megan Perkins stated there are no appointments or reappointments to Conservation District Boards at this time. Mrs. Perkins reported on the status of the Drew County Conservation District board member who was discussed at the last meeting. She stated since the last meeting, we have been able to contact the board member and on January 12, 2022, he did submit his letter of resignation to Drew County Conservation District. Furthermore, Drew County has identified three candidates for appointment, and our Land Resource Specialist, Bob Fowler, has visited with each one. At this time their credentials are being reviewed and at the next commission meeting a recommendation for appointment will be made.

J.P. Fairhead gave a presentation on feral hogs in the state of Arkansas. He began by giving a brief overview & spoke about the annual damage estimates caused by feral hogs. Mr. Fairhead stated the Arkansas Feral Hog Task Force was created by the Arkansas Legislature during the 2017 general session. He listed the resources being used against feral hogs, discussed the Feral Swine Control Project (associated with 2018 Farm Bill), stated why feral hogs cannot be donated to food banks for meat and touched on feral swine diseases.

ACTIVITY REPORTS

Activity reports were presented by Amanda Mathis, USDA Natural Resources Conservation Service (NRCS); Debbie Moreland, Arkansas Association Conservation Districts (AACD); and Dr. Bruce McGowan, U of A at Pine Bluff School of Agriculture.

OTHER

The Arkansas Association of Conservation Districts annual meeting has been rescheduled for August 11-12, 2022, and ANRC has been invited to attend and hold its meeting in association with theirs. Commission discussed if the July or September regular scheduled ANRC meeting should be moved to August; it was decided to determine that at a later commission meeting closer to time.

Upon motion by Mr. Jamie Burr, seconded by Mr. Will Brewer, the Commission unanimously motioned to participate the next commission meeting in association with the Arkansas Association of Conservation Districts.

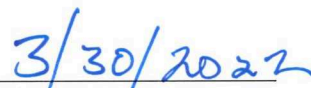
Commission discussed topics around infrastructure money to include how it should be allocated to the Delta communities on as need basis, how federal and state each play a role in infrastructure funds, risk ranking for drinking water areas, principal forgiveness process of loans, how the American Rescue Plan Act (ARPA) money and the infrastructure funds differ within our programs, and how to bring awareness of our programs and types of available funding to county officials throughout the state. The commission requested that the staff focus some time on these areas of interest at the March meeting.

The first infrastructure meeting will be held on January 26, 2022. Updates on ARPA and infrastructure funds will be provided to the Commission at the next meeting in March.

ADJOURN

There being no further business, the commission unanimously agreed to adjourn the meeting.


Chris Colclasure
Director


Date