

Minutes of the ARKANSAS NATURAL RESOURCES COMMISSION

February 19, 2010

The regular meeting of the Arkansas Natural Resources Commission was held Friday, February 19, 2010, at 8:00 a.m., at the Arlington Hotel, 239 Central Avenue, Hot Springs, Arkansas.

Commissioners in attendance were Chairman Jerry Mitchell; Vice-Chairman Sloan Hampton; David Feilke; Ann Cash; Neal Anderson, and Don Richardson.

Staff members participating included: Randy Young, Executive Director; Jon Sweeney, Deputy Director/Chief Engineer; Earl Smith, Chief, Water Resources Management; Cynthia Bearden, Controller; Adrian Baber, Chief, Conservation Division; Edward Swaim, General Counsel; Mark Bennett, Chief, Water Resources Development Division; Crystal Phelps, Associate General Counsel; Bob Fowler, Land Resource Specialist; and Pat Smith, Executive Assistant.

Chairman Mitchell called the meeting of the Arkansas Natural Resources Commission to order. He introduced, welcomed, and congratulated Mr. Richardson on his appointment to the Commission.

A list of guests is attached to the minutes.

APPROVAL OF MINUTES; FEBRUARY 4, 2010

Upon motion by Mr. Hampton, second by Mr. Feilke, the Commission approved the minutes of the February 4, 2010, meeting.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Young reported that the Governor appointed Mr. Mike Carter to the Commission replacing Mr. Robert White whose term had expired. Mr. Carter is an attorney and former member of the Commission who served a seven-year term in the late 90s.

Mr. Young expressed his appreciation to Mr. Bennett and his staff for their superb job in getting all of the American Recovery and Reinvestment Act (ARRA) projects under binding contracts. The task was accomplished last week within an extremely tight timeframe. Reports will be given to the Commission periodically as the projects move forward.

STATUS OF FINANCIAL ASSISTANCE PROGRAMS

Mrs. Cynthia Bearden presented the financial assistance report. (Copy of report attached to the minutes).

FINANCIAL ASSISTANCE

APPLICATIONS FOR FINANCIAL ASSISTANCE

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

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

MARION (Crittenden County) (WSSW)

Up to \$128,750.00

PURPOSE OF FUNDS: *To provide sewer collection to the James Mill area near Marion in Crittenden County.*

The Commission approved a deferred loan for Marion in an amount up to **\$128,750.00** from the Water, Sewer and Solid Waste Fund. This deferred loan is for twenty-two (22) years with a repayment schedule of twenty (20) years at five percent (5%) interest. Payment upon principal is to be deferred for two (2) years and interest is to be waived for two (2) years. An administrative fee in an amount up to \$3,750.00 is to be retained by the Commission.

WEST SALINE WATER USERS ASSOCIATION, INC. (Cleveland County) (WSSW)

Up to \$313,903.00

PURPOSE OF FUNDS: *To provide water service in the Prairie Road area of Cleveland County.*

The Commission approved a grant for West Saline Water Users Association, Inc. in an amount up to **\$313,903.00** from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$9,143.00 is to be retained by the Commission. Approval is contingent upon the Association providing \$40,000 in funds for the project, establishing and maintaining a depreciation reserve fund and upon the grant funds being the last funds used for the project.

PERRY (Perry County) (CGO)

Up to \$257,500.00

PURPOSE OF FUNDS: *Replacement of sewer pump station and inspection of existing gravity collection system to identify deficiencies within the system.*

The Commission approved loan funding for Perry from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount not to exceed **\$257,500.00**.

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.

MARBLE FALLS WATER, SEWER AND SOLID WASTE DISPOSAL SUBURBAN IMPROVEMENT DISTRICT NO. 1

Mr. Bennett reported on progress of emergency grant for Marble Falls following the Commission's approval on February 4th. On February 5th, the Arkansas Rural Water Association was on site to install an emergency by-pass pump for transmission of sewage to the treatment plant. Plans are to have information to the Commission by the March meeting for additional funding.

DEOBLIGATION OF FUNDS

Pursuant to Commission Rules, Mr. Bennett reported that the Executive Director deobligated funding for the following applicant:

(1) Haynes (Cleveland County) (WSSW) \$1,649.00

STATUS REPORT OF PROJECTS BID SINCE JULY 2009

Mr. Bennett submitted an updated status report of bid under runs and overruns.

UTILIZATION OF BUILD AMERICA BONDS BY ANRC

Mr. Jim Fowler briefed the Commission on the Build America Bonds which are part of the American Recovery and Reinvestment Act. The bonds are taxable and Arkansas was one of seven states that chose not to use them because of the usury limit. With the assistance of Senator Lincoln, that usury limit was preempted and there may be sales in the future. These bonds are used only on public capital improvements and 35% of the interest is refunded by the federal government to states in the form of a check at the time of interest payment. The government is working to improve that method of payment through wire-transfer.

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Mr. Bennett stated that February 17th was the deadline for all ARRA projects to be under binding contracts. That deadline was a challenge, but it was met and some preconstruction meetings are underway. Approximately ten percent of the ARRA funds have been disbursed.

PRESENTATION OF HOT SPRINGS ARRA PROJECT (DWSRLFWC)

Mr. Bennett reported that one of the concepts involved in ARRA is to fund 'green' infrastructure projects that show definitive benefits to the environment, specifically water and energy conservation. Projects through the Clean Water were funded without difficulty, but eligible projects through the Drinking Water were more problematic. One eligible project was waterline replacements in Cotton Plant that had 40% water leakage causing high water losses.

There was some difficulty finding other 'green' projects, but EPA determined projects could utilize equipment to make readings on instantaneous use of water such as radio read meters and radio flow indicators. The City of Hot Springs came forward and indicated a willingness to contract the project on very short notice. Mr. Bennett introduced Mr. Steve Mallett, the Deputy City Manager for Public Works and Utility, and Mr. Larry Merriman, Utilities Director, with the City of Hot Springs.

Mr. Mallett gave a brief history of the project and stated he wanted to take advantage of the opportunity when contacted by ANRC and quickly began working on the application process. Mr. Mallett took the concept to his board and showed them that the project would be good for

the environment and outlined the benefits of the project to the city. The funding was set up through a recent rate increase and bond sales.

This project will entail the installation of automatic meter reading equipment on 33,000 of the city's meters. The project bid was just over \$10 million. The main O & M cost savings over a 20-year period will be approximately \$10.5 million, which certainly justifies the overall cost of the project. The project will allow the city to detect water leaks on a 'real time' basis. The city has committed to utilize its staff to make repairs to conserve water.

Mr. Mallett thanked the Commission and staff for their assistance in obtaining funding for the project.

CONSERVATION DIVISION

APPOINTMENTS/REAPPOINTMENTS TO CONSERVATION DISTRICT BOARDS

Mr. Adrian Baber presented the staff recommendations for appointments for Conservation District Boards of Directors. Commission action is as follows.

Upon motion by Mrs. Cash, second by Mr. Hampton, the Commission approved the following appointments:

APPOINTMENTS

L'Aigle Creek CD

Thomas Frazer

CONSERVATION DISTRICT ACTIVITY REPORT – Mr. Bob Fowler introduced Mr. Melvin Daniel, with the Garland County Conservation District. Mr. Daniel gave a report on activities conducted by the district. The district is involved in several educational activities and also works with the annual Youth Workshop. They have participated with the Beautification Commission on Earth Day. Fundraisers include trees, nuts, and plat book sales.

ACTIVITY REPORTS

Informational activity reports were presented by the following: Andrew Wargo III, President, Arkansas Association of Conservation Districts; Tom Riley, Policy Director, U of A Division of Agriculture; and Lori Barker, NRCS.

Of special interest, Mr. Wargo stated that the Association facilitated a Wildlife Habitat Restoration on Private Lands Conference in February at the request of Arkansas Game & Fish Commission and approximately 120 persons participated. He distributed a copy of the spring newsletter that included coverage of the state meeting in December in Eureka Springs, Arkansas.

Mr. Riley reported that CES has had a number of personnel changes. Dr. Milo Shult has set a retirement date in July, with the caveat that he will stay until a replacement is found. Dr. Tony Windham has been named the director of the CES after serving as interim for six months. CES has a new contract with Central Arkansas Water to conduct a water conservation education program in Pulaski County.

Ms. Barker stated that NRCS is in the second phase of the Mississippi River Basin Initiative.

Mr. Wargo reported that three area meetings have been scheduled:

- Northeast Area in Wynne, May 27th
- West Central Area in Russellville, June 8th; and
- Southeast Area in Monticello, June 17th.

He invited the Commissioners to attend the meetings.

ADJOURN

There being no further business, the meeting was adjourned.

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

March 18, 2010
Date