

Minutes of the ARKANSAS NATURAL RESOURCES COMMISSION

February 4, 2009

A telephonic meeting of the Arkansas Natural Resources Commission was held Wednesday, February 4, 2009, at 9:30 a.m., in the office of the Executive Director, Arkansas Natural Resources Commission, 101 East Capitol, Suite 350, Little Rock, Arkansas.

Commissioners in attendance were Alec Farmer and Ann Cash. Commissioners in attendance via telephone were Chairman Robert White; Vice-Chairman Daniel Bryant; David Feilke; and Sloan Hampton.

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

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

A list of guests is attached to the minutes.

APPROVAL OF MINUTES; DECEMBER 9, 2008

Upon motion by Mrs. Cash, second by Mr. Farmer, the Commission approved the minutes of the December 9, 2008, meeting.

REPORT OF THE EXECUTIVE DIRECTOR

STATUS OF FINANCIAL ASSISTANCE PROGRAMS

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

LEGAL ISSUES

Report on Legislation by 87th General Assembly – Mrs. Phelps stated that a bill regarding levees will be filed by Senator Robert Thompson that addresses the re-establishment of boards and annual reporting requirements for the levee districts. Another bill will affect the make-up of regional water distribution district board of directors. This bill will make it easier for county election commissions to prepare ballots. Representative Wood will file a bill that addresses the annexation of rural areas by municipalities. It will provide municipalities with the ability to purchase rural water transmission lines. The appropriation bills have been filed and are being monitored. The Water Well fee bill will be sponsored by Representative Abernathy and will increase fees for the licensing of water well contractors, drillers, and pump installers.

White River Minimum Streamflow Rules – Mrs. Phelps stated that the notice of hearing will be published in local and state newspapers. The public hearing will be held on February 24, 2009, at

2:00 p.m. in our office. A final version should be ready by May 20th for the Commission to approve. The Legislative Council Committee will probably meet in June or July to review the rules.

Mr. Feilke requested that the Commissioners receive the legislative reports weekly. Mrs. Phelps agreed to supply. Mrs. Cash asked who sponsored the bill regarding water distribution districts on the ballot. Mr. Young advised that presently no one had sponsored, but that it will be a representative from northwest Arkansas. This is an initiative of the Beaver Regional Water District.

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); the Water Development Fund (WDF); the Clean Water State Revolving Fund (CWSRF); the Drinking Water State Revolving Fund (DWSRF); and the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program (AWWDPAFGOBP).

Upon motion by Mr. Feilke, second by Mr. Farmer, the Commission approved the following:

ALICIA (Lawrence County) (WSSW) ADDITIONAL **Up to \$9,785.00**

PURPOSE OF FUNDS: *To pay for repair costs incurred prior to the Commission's previous financial assistance in rehabilitating the town's wastewater lift stations. These costs remain unpaid and the town is unable to pay from its funds.*

The Commission approved a grant in an amount up to **\$9,785.00** for Alicia from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$285.00 is to be retained by the Commission. Approval is contingent upon the Town establishing and maintaining a depreciation reserve fund.

OZAN CREEK WATERWORKS FACILITIES BOARD (Hempstead County) **(WSSW)** **Up to \$92,700.00**

PURPOSE OF FUNDS: *To provide water service to additional water customers near the original project.*

The Commission approved a deferred loan in an amount up to **\$92,700.00** for Ozan Creek Waterworks Facilities Board 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 \$2,700.00 is to be retained by the Commission.

LONOKE WHITE PUBLIC WATER AUTHORITY (Lonoke and White Counties) **(WDF) ADDITIONAL** **Up to \$412,000.00**

PURPOSE OF FUNDS: *Preliminary engineering and other costs associated with the development of the project to bring water from Greer's Ferry Lake to Lonoke and White Counties.*

The Commission approved a deferred loan in an amount up to **\$412,000.00** for the Lonoke White Public Water Authority from the Water Development Fund. This deferred loan is for thirty (30) years with a

repayment schedule of twenty (20) years at five percent (5%) interest. Payment upon principal is to be deferred for ten (10) years and interest is to be waived for ten (10) years. As a condition of the loan, the Executive Director may require the Authority to pledge its plant site on the lake for repayment of the assistance. For this and the previously provided financial assistance, the Commission may require the repayment of the assistance when final project financing is obtained. An administrative fee in an amount up to \$12,000.00 is to be retained by the Commission at closing.

BATESVILLE (Independence) (CWSRF) ADDITIONAL **Up to \$18,000,000.00**

PURPOSE OF FUNDS: *To increase the scope of the project to include wastewater collection system improvements required by Arkansas Department of Environmental Quality,*

The Commission approved additional loan funds in an amount up to **\$18,000,000.00** for the City of Batesville 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.

PARIS (Logan County) (DWSRF) ADDITIONAL **Up to \$1,300,000.00**

PURPOSE OF FUNDS: *To increase the scope of the project to include water distribution system improvements, including water line upgrade and replacement.*

The Commission approved additional loan funds in an amount up to **\$1,300,000.00** for the City of Paris from the Arkansas Drinking 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. An administrative fee of three percent (3%) will be collected at loan closing by the Commission. Approval is contingent upon the availability of the federal capitalization grant and the state match.

OZARK MOUNTAIN REGIONAL PUBLIC WATER AUTHORITY (Boone, Searcy and Newton Counties) (AWWDPAFGOBP) **Up to \$257,500.00**

PURPOSE OF FUNDS: *To pay for costs associated with acquisition of the plant site and other necessary lands, easements, and rights-of-way needed in construction of the project to acquire, treat, and distribute potable water.*

The Commission approved a grant for the Ozark Mountain Regional Public Water Authority from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount not to exceed **\$257,500.00** for the Ozark Mountain Regional Public Water Authority. An administrative fee of three percent (3%) will be collected by the Commission at closing.

BULL SHOALS (Marion County) (AWWDPAFGOBP) **Up to \$400,000.00**

PURPOSE OF FUNDS: *To be used as the first phase of a two-phase project for wastewater system improvements. These funds will be used to rehabilitate or replace the pump stations most urgently needing repairs. The remaining funds will be used on Phase II of the project to be funded by USDA Rural Development.*

The Commission approved loan funding for Bull Shoals from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount not to exceed **\$400,000.00**.

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-five (35) 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.

CONSERVATION DIVISION

APPOINTMENTS/REAPPOINTMENTS TO CONSERVATION DISTRICT BOARDS

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

Upon motion by Mrs. Cash, second by Mr. Bryant, the Commission approved the following reappointment:

REAPPOINTMENT

Clark County CD

Duane Leamons

WATER RESOURCES MANAGEMENT DIVISION – Mr. Young reported that Agriculture Secretary Tom Vilsack announced that USDA and the State of Arkansas have entered into a new Conservation Reserve Enhancement Program (CREP) agreement to reduce nutrient, bacterial and sediment loading in the Illinois River Watersheds. There will be \$25 million in federal funds from Farm Service Agency, along with \$4.5 million from the state of Arkansas, and \$1.5 million from the poultry companies. The Commission has \$1.5 million in its budget this biennium toward that program. The balance of state funds will be provided as 'in-kind' match from a number of state agencies.

The primary objectives of this agreement are to conserve, restore and protect water quality and other natural resources within the targeted area through the installation and maintenance of riparian buffers. Landowners who own property along the Illinois River will be encouraged to voluntarily enroll their riparian property in a 15-year conservation easement to improve and protect water quality. One of the goals is to reduce the annual sediment flow by ten thousand tons.

The State of Oklahoma began implementing a similar project about a year and a half ago. Together, there should will be a significant improvement in the water quality in the Illinois River.

COMMISSION TRAVEL EXPENSE REIMBURSEMENT

Commissioner Expense Reimbursement and Stipend – Upon motion by Mr. Feilke, second by Mrs. Cash, 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 non-state agency employee members of the Commission, and authorized expense reimbursement for official business at the rate of state employees.

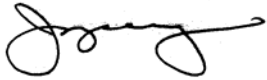
Approval of Travel Reimbursement – Upon motion by Mr. Farmer, second by Mr. Feilke, the Commission approved reimbursable expenses for the Chairman or his designated representative to attend the following:

Interstate Council on Water Policy, March 25-27, 2009, Washington, DC

Mrs. Cash expressed interest in attending the ICWP meeting. Mr. White stated that he would name another Commissioner soon.

ADJOURN

There being no further business, the meeting was adjourned.



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

April 1, 2009
Date