

Minutes of the ARKANSAS NATURAL RESOURCES COMMISSION

February 9, 2011

A telephonic meeting of the Arkansas Natural Resources Commission was held Wednesday, February 9, 2011, at 9:00 a.m., in the Director's Office of Arkansas Natural Resources Commission, 101 East Capitol, Suite 350, Little Rock, Arkansas.

Commissioners in attendance were Alec Farmer, Chairman; Ann Cash; Corbet Lamkin; Mike Carter; David Feilke; Jerry Mitchell, and Don Richardson.

Staff members participating included: Randy Young, Executive Director; Jon Sweeney, Deputy Director/Chief Engineer; Edward Swaim, Chief, Water Resources Management; Crystal Phelps, General Counsel; Darla Brooks, Financial Programs Manager; Adrian Baber, Chief, Conservation Division; and Pat Smith, Executive Assistant.

Chairman Farmer called the meeting of the Arkansas Natural Resources Commission to order. Mrs. Smith called roll.

APPROVAL OF MINUTES; DECEMBER 7, 2010

Upon motion by Dr. Lamkin, second by Mrs. Cash, the Commission approved the minutes of the December 7, 2010, meeting.

REPORT OF THE EXECUTIVE DIRECTOR

Update on Proposed Legislation - Mr. Young stated that Mrs. Phelps has been providing the Commission each Friday with legislation of interest. A proposed bill has been introduced by Representative Dale and Senator Salmon to give all water associations the ability to shut service off to customers for non-payment. That bill is being considered in committee today and will be amended because some cities have already adopted ordinances giving them that authority.

The Friday Firm has been engaged to assist in drafting a bill for small systems to regionalize. Another draft bill pertains to enhancing the Commission's power to encourage Conservation District's to merge. The Executive Board of the Association met three weeks ago and was unanimous in opposition to the bill. The districts will be given 30 days to present comments to the Commission. At that point, Mr. Young will brief the Commission and contact the Governor to discuss whether or not to proceed. Mr. Baber stated that the Land Resource Specialists are visiting the districts to obtain feedback.

Mr. Young stated that the Department of Finance and Administration has requested that the Commission allow them to take the lead on the proposed Tax Credit bill. The Bill is scheduled to be introduced in approximately a week.

Proposed Securities and Exchange Commission Rule Defining and Affecting Municipal Advisors – Mrs. Phelps stated that ADFA had suggested that the Commission submit comments to the Securities and Exchange Commission (SEC) regarding a proposed rule that would create a new process by which municipal advisors must register with the SEC. Because the definitions of "municipal advisor" and "advise" are unclear, ANRC Commissioners could be considered to be "municipal advisors" and subject to compliance with this new rule. The point of our comments would be that this broad definition would be unnecessarily burdensome to local government. Comments on Registration of Municipal Advisors, File No.: S7-45-10.

Inclusion of appointed board members within the Act as municipal advisors could cripple local government's ability to function and take care of its citizens. The SEC will accept comments on

this rule through February 22, 2011. Upon motion by Dr. Lamkin, second by Mr. Carter, the Commission approved sending comments to the SEC.

FINANCIAL ASSISTANCE

APPLICATIONS FOR FINANCIAL ASSISTANCE

Mrs. Brooks presented staff recommendations for the referenced projects below requesting financial assistance from the Water, Sewer and Solid Waste Fund (WSSW).

Upon motion by Mr. Carter, second by Mr. Mitchell, the Commission approved the following recommendations:

Ozark Mountain Water Authority (Boone, Searcy & Newton County) (CGO) **Up to \$2,575,000.00**

PURPOSE OF FUNDS: To pay a portion of the costs associated with the development of the water treatment plant and water transmission line, including without limitation, necessary construction, engineering, rights-of-way and legal costs.

The Commission approved grant funding for Ozark Mountain Water Authority from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount not to exceed **\$2,575,000.00**. An administrative fee of three percent (3%) will be collected by the Commission.

Patterson (Woodruff County) (WSSW) **Up to \$10,300.00**

PURPOSE OF FUNDS: To repair leaks in the water tower, replace screens on the overflow pipe and vent, and to repair the level target on the tank.

The Commission approved a loan for Patterson in an amount up to **\$10,300.00** from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$300.00 is to be retained by the Commission. This loan is for ten (10) years at five percent (5%) interest. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund.

Patterson (Woodruff County) (WSSW) **Up to \$10,300.00**

PURPOSE OF FUNDS: To repair leaks in the water tower, replace screens on the overflow pipe and vent, and to repair the level target on the tank.

The Commission approved a grant for Patterson in an amount up to **\$10,300.00** from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$300.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund and upon the grant funds being the last funds used for the project.

CHANGE IN TERMS OF FINANCIAL ASSISTANCE

Upon motion by Dr. Lamkin, second by Mrs. Cash, the Commission approved the following recommendations:

WARREN (Bradley County) (WRD-003-75) **Up to \$638,600.00**

PURPOSE OF FUNDS: To provide matching funds for the EPA SAAP grant for improvements and betterments to the City's water and wastewater systems.

On June 17, 2010 the Commission approved funding of the above-referenced project from the Water Development Fund. At that time there was a concern that appropriations from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program would not be available. The staff has determined that sufficient appropriations are available to fund the project for the AWWDPA program. Warren has requested that the Commission reconsider its decision and request that its application be funded from the general obligation bond program and to reduce the amount of assistance provided. This would allow the city up to 30 years to repay the loan and a lower rate of interest.

Rescind the portion of the June 17, 2010 resolution approving loan funds for the City of Warren in an amount up \$638,600.00 from the Water Development Fund.

The Commission approved loan funding for Warren from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount not to exceed **\$370,800.00**.

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 negotiated 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.

INCREASE IN FINANCIAL ASSISTANCE

The Executive Director reported that he increased funding for the following:

<u>MAUMELLE WATER CORPORATION (Pulaski County) (00842-WSSW-L)</u>	Additional \$44,750.00
<u>HASKELL (Saline County) (00606-CWRLF-L)</u>	Additional \$200,000.00

DEOBLIGATION OF FUNDS BY EXECUTIVE DIRECTOR

The Executive Director reported that he has deobligated funds for the following:

<u>CITY OF JENNETTE (Crittenden County)</u>	
a. 00547-WSSW-D	\$51,500.00
b. 00709-WSSW-G	\$558.70

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. Mitchell, the Commission approved the following reappointments:

REAPPOINTMENTS

<i>Calhoun County CD</i>	<i>Billy F. Williams</i>
<i>Pulaski County CD</i>	<i>Debbie Moreland</i>
	<i>Sam McGhee</i>
<i>Cleburne County CD</i>	<i>Pat McGary</i>
<i>Pope County CD</i>	<i>Roy Reaves</i>
<i>Ouachita County CD</i>	<i>Don Turman</i>
<i>Stone County CD</i>	<i>Edward Stewart</i>

Upon motion by Mrs. Cash, second by Dr. Lamkin, the Commission approved the following appointments:

APPOINTMENTS

<i>Mississippi County CD</i>	<i>Mark B. Bryles</i>
	<i>Louis Lammers</i>
<i>Independence County CD</i>	<i>Deborah Stroud</i>

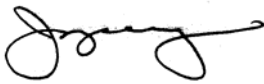
COMMISSION TRAVEL EXPENSE REIMBURSEMENT

Commissioner Expense Reimbursement and Stipend – Mrs. Phelps presented information pertaining to the Stipend and travel reimbursement. Upon motion by Dr. Lamkin, 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.

Mr. Young advised that the next Commission meeting will be hosted by Mr. Richardson on March 16th in Clinton, Arkansas. Mr. Richardson stated that he has planned tours that are relevant to the Commission.

ADJOURN

There being no further business, the meeting was adjourned.



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

March 16, 2011
Date