

**Minutes of the
ARKANSAS NATURAL RESOURCES COMMISSION**

June 17, 2010

A telephonic meeting of the Arkansas Natural Resources Commission was held Thursday, June 17, 2010, at 1:00 p.m., at the Arkansas Natural Resources Commission, 101 East Capitol, Little Rock, Arkansas.

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

Staff members participating included: Randy Young, Executive Director (via telephone); Jon Sweeney, Deputy Director/Chief Engineer; Earl Smith, Chief, Water Resources Management; Edward Swaim, General Counsel; Mark Bennett, Chief, Water Resources Development Division; Wesley Perry; Carla Hill; and Dave Fenter, Marketing Manager.

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

A list of guests is attached to the minutes.

APPROVAL OF MINUTES; MAY 19, 2010

Upon motion by Mrs. Cash, second by Mr. Hampton, the Commission approved the minutes of the May 19, 2010, meeting.

FINANCIAL ASSISTANCE

Consideration for Adoption of the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Series 2010B Series Resolution – Mr. Bennett stated that two bond issues were sold last Thursday at public sale. Mrs. Patricia Quinn advised that the bids for the Series 2010B Series Resolution was a no-call and taxable issue. Three bids were received and the lowest bid was submitted by Robert Baird with a 3.369817 TIC. Compared to the treasury yields, that was a very good bid for a ten-year issue in a rising market. Upon motion by Mrs. Cash, second by Neal Anderson, the Commission adopted the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Series 2010B Series Resolution.

Consideration for Adoption of the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Series 2010C Series Resolution – Mr. Bennett stated that five bids were received for the no-call, tax exempt, ten-year issue last Thursday. The award was given to Crews & Associates with a TIC of 2.540287. Upon motion by Mr. Anderson, second by Mr. Hampton, the Commission adopted the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Series 2010C Series Resolution.

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); and the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program (AWWDPAFGOBP).

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

CAVE SPRINGS (Benton County) (WSSW) Up to \$309,000.00

PURPOSE OF FUNDS: *Relocation and upgrade of existing downtown water lines.*

The Commission approved a loan for Cave Springs in an amount up to **\$309,000.00** from the Water, Sewer and Solid Waste Fund. This loan is for twenty (20) years at five percent (5%) interest. An administrative fee in an amount up to \$9,000.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund.

ELM SPRINGS (Washington County) (WSSW) Up to \$309,000.00

PURPOSE OF FUNDS: *Expansion of application area of the Septic Tank Effluent Pumping (STEP) system to resolve the current system overload and allow the connection of additional users.*

The Commission approved a grant for Elm Springs in an amount up to **\$309,000.00** from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$9,000.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund.

SWIFTON (Jackson County) (WSSW) Up to \$20,600.00

PURPOSE OF FUNDS: *To make emergency repairs at the water treatment plant, including without limitation the cost associated with the replacement of the water clarifier main bearing.*

The Commission approved a grant for Swifton in an amount up to **\$20,600.00** from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$600.00 is to be retained by the Commission. Approval is contingent upon the City establishing water rates sufficient to cover all system cost and maintaining a depreciation reserve fund. The Executive Director shall work with the City to determine water rates necessary to meet this requirement. Upon request of the Director, the City shall provide proof of its ability to meet this requirement.

BIGELOW (Perry County) (WSSW) Up to \$499,550.00

PURPOSE OF FUNDS: *Provide permanent financing for the loan portion of Bigelow's wastewater collection and treatment system, and to make corrections and to repairs to the system.*

The Commission approved a deferred loan for Bigelow in an amount up to **\$499,550.00** from the Water, Sewer and Solid Waste Fund. This deferred loan is for thirty (30) years with a repayment schedule of twenty-nine (29) years at five percent (5%) interest. Payment upon principal is to be deferred for one (1) year and interest is to be waived for one (1) year. An administrative fee in an amount up to \$14,550.00 is to be retained by the Commission.

WARREN (Bradley County) (WDF) 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 system.*

The Commission approved a loan for Warren in an amount up to **\$638,600.00** from the Water Development Fund. This loan is for twenty (20) years at five percent (5%) interest. An administrative fee in an amount up to \$18,600.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund.

ANRC (AWWDPAFGOBP) Up to \$8,819,200.00

PURPOSE OF FUNDS: *To provide matching funds for the Federal EPA grants for the Clean Water Revolving Loan Fund or Drinking Water Revolving Loan Fund.*

The Commission approved a grant from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in the amount listed above to the Arkansas Natural Resources Commission for the State's matching funds for the Clean Water Revolving Loan Fund and Drinking Water Revolving Loan Fund. The Director is authorized to transfer grant funds as he determines necessary.

BAYOU METO IRRIGATION PROJECT (Bayou Meto Basin Element of the Grand Prairie Region and Bayou Meto Basin, Arkansas Project) (Lonoke, Jefferson, Prairie & Arkansas Counties) (AWWDPAFGOBP) (Additional) Up to \$29,500,000.00

PURPOSE OF FUNDS: *To pay for legal, land rights, planning and design, and construction costs associated with the project.*

The Commission approved the expenditure of up to **\$29,500,000.00** for Bayou Meto Irrigation Project from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program. These funds may be disbursed to Bayou Meto Regional Irrigation Water Distribution District or US Army Corps of Engineers as payment of costs associated with the project or reimbursement of funds previously expended for construction of the project. No administrative fee will be collected.

OLA (Yell County) (AWWDPAFGOBP) Up to \$592,250.00

PURPOSE OF FUNDS: *To cover bid overruns associated with new water treatment plant construction.*

The Commission approved loan funding for Ola from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount not to exceed **\$592,250.00**.

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.

CHANGE IN TERMS OF FINANCIAL ASSISTANCE:

WABBASEKA (Jefferson County) (WSSW) 00783-WSSW-L \$103,000.00

PURPOSE OF FUNDS: *To rehabilitate the water treatment plant and make other water system improvements.*

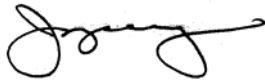
Rescind the portion of the October 13, 2009 motion approving loan funds for the Town of Wabbaseka in an amount up \$103,000.00 from the Water, Sewer and Solid Waste Fund.

The Commission approved a loan for Wabbaseka in an amount up to **\$51,500.00** from the Water, Sewer and Solid Waste Fund. This loan is for twenty (20) years with a repayment schedule of twenty (20) years at five percent (5%) interest. An administrative fee in an amount up to \$1,500.00 is to be retained by the Commission.

The Commission approved a deferred loan for Wabbaseka in an amount up to **\$51,500.00** from the Water, Sewer and Solid Waste Fund. This deferred loan is for up to twenty-six (26) years with a repayment schedule of up to (20) twenty years at five percent (5%) interest. Payment upon principle is to be deferred for up to six (6) years and interest is to be waived for up to six (6) years. Interest shall begin on December 1, 2016 with the first payment due December 1, 2017. An administrative fee in an amount up to \$1,500.00 is to be retained by the Commission.

ADJOURN

There being no further business, the meeting was adjourned.



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

July 21, 2010
Date