

Minutes of the ARKANSAS NATURAL RESOURCES COMMISSION

May 19, 2010

The regular meeting of the Arkansas Natural Resources Commission was held Wednesday, May 19, 2010, at 9:30 a.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; Alec Farmer, Mike Carter, and Don Richardson.

Staff members participating included: Randy Young, Executive Director; 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; Blake Walters, Land Resource Specialist; Wesley Perry; Ken Housh, Land Resource Specialist; Carla Hill; Dave Fenter, Marketing Manager; Darla Brooks, Financial Programs Manager; Jim Battreal, Geologist; Todd Fugitt, Senior Geologist; and Pat Smith, Executive Assistant.

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; MARCH 17, 2010

Upon motion by Mr. Farmer, second by Dr. Lamkin, the Commission approved the minutes of the March 17, 2010, meeting.

REPORT OF THE EXECUTIVE DIRECTOR

Report on the Red River Compact Commission Annual Meeting – Mr. Young reported that Arkansas hosted the annual meeting of the Commission in Texarkana, Arkansas on April 27th. One of the significant items addressed was proposed Compact Compliance Rules for Reach 4, Sub-basin 2 between Arkansas and Louisiana. Progress was made in the negotiations with Louisiana and the proposed rules should be considered at the next annual meeting.

STATUS OF FINANCIAL ASSISTANCE PROGRAMS

Mrs. Cynthia Bearden presented the financial assistance report. (Copy of report attached to the minutes). Mrs. Bearden noted that following the last meeting, she met with staff to discuss implementing a financial audit review on selected water systems. Some of the criteria for selection will be 1) delinquent on repayments, 2) delinquent in submitting audits or Agreed Upon Procedure Reports, 3) Repeated requests for grants, and 4) financial instability. Selected entities will be visited by interns hired this fall, as well as by Mrs. Bearden this summer.

Mr. Anderson questioned whether auditors would be looking at O & M balances. Mrs. Bearden will be writing specific procedures for the auditors, as well as some specified by

Legislative Audit. Mr. Carter asked if these procedures would be reviewed by the Commission before finalizing the audit guidelines and procedures. Mrs. Bearden confirmed that they would. Mr. Farmer asked if auditors would be looking at trends in entities' customer base. Mrs. Bearden stated that would be added to the guidelines.

LEGAL ISSUES

Request for Adoption of Title II Rules Governing Conservation Districts to Change the Beaver Bounty – Mr. Swaim highlighted the need to amend Title II and advised that the rulemaking process had been completed. Upon motion by Mr. Anderson, second by Mrs. Cash, the Commission approved the Title II rule change to increase the beaver bounty to \$10, pending review and approval by the Arkansas Legislative Council Rules and Regulations Committee. The committee is scheduled to meet in June.

FINANCIAL ASSISTANCE

APPLICATIONS FOR FINANCIAL ASSISTANCE

Consideration for Authorization of the Commission for the Director to Enter into PPA – Mr. Swaim advised that \$37 million in ARRA funds have been appropriated to the Corps of Engineers for the Bayou Meto project. Those funds will be used for construction of two pump stations, design work on the main canal, and lands, easements and rights-of-way. The Corps of Engineers has presented ANRC with a draft Project Partnership Agreement to be the non-federal sponsor for the project. After review and approval by the Assistant Secretary of the Army for Public Works, it will be ready to execute. For the record, Mr. Anderson recused himself. Upon motion by Mrs. Cash, second by Mr. Feilke, the Commission authorized the Commission chairman and the director to enter into the Corps of Engineers' PPA for Bayou Meto, a Memorandum of Agreement with the Corps of Engineers regarding land condemnation, and side agreements with Bayou Meto and the Arkansas Game & Fish Commission.

Consideration of Adoption of the Amended and Restated Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds Plan of Work (Act 607 of 1997) for the 2009-2011 Biennium – Mr. Bennett stated that the major difference between the 1997 bond issue and the 2007 bond issue is that it has a \$100 million limit for agricultural irrigation projects. It will be necessary to raise \$30 million for the Bayou Meto project and since the original 1997 Plan of Work did not include the Bayou Meto project (only referred to the White River Irrigation District project), it will be necessary to amend and restate that Plan of Work.

The Corps' authority to expend the ARRA funds requires that the Bayou Meto project begin construction by September 30th. Upon approval by the Commission, the request for funds will be sent to the Governor's office, be reviewed by the Chief Fiscal Officer, and approval considered by the Arkansas Legislative Council which meets this Friday. This Plan of Work will provide funding for three projects; the two named irrigation projects, and the Ozark Mountain water project. For the record, Mr. Anderson recused himself. Upon motion by Dr. Lamkin, second by Mr. Carter, the Commission adopted to amend and restate the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds Plan of Work (Act 507 of 1997) for the 2009-2011 Biennium to include the three referenced projects.

Consideration of Adoption of Resolution 2010-03 Authorizing the Issuance of up to \$60 million of Arkansas Water, Waste Disposal and Pollution Abatement Facilities (Act 607 of 1997) General Obligation Bonds

– Mr. Bennett presented Resolution 2010-03 which would authorize the issuance of up to \$60 million from the 1997 bond issue. This resolution will cover the requirements for the Bayou Meto project, the Ozark Mountain project, and a portion of the White River project. For the record, Mr. Anderson recused himself. Upon motion by Dr. Lamkin, second by Mr. Carter, the Commission adopted Resolution 2010-03 authorizing the issuance of up to \$60 million of Arkansas Water, Waste Disposal and Pollution Abatement Facilities (Act 5607 of 1997) General Obligation Bonds.

Mr. Bennett requested a special telephonic meeting on June 17th for the Commission's consideration to approve the issuance of the series resolution.

APPLICATIONS FOR FINANCIAL ASSISTANCE

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

For the record, Mr. Anderson recused himself. Upon motion by Mrs. Cash, second by Mr. Feilke, the Commission approved the following recommendations, including the Change in Terms:

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 grant funding from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program for the Ozark Mountain Regional Public Water Authority in an amount not to exceed **\$257,000.00**. An administrative fee of three percent (3%) will be collected by the Commission at closing.

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) Up to \$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 **\$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 fees will be collected.

CHANGE IN TERMS OF FINANCIAL ASSISTANCE:

SWEET HOME, HIGGINS & RED OAK SEWER FACILITIES BOARD (Pulaski County)
00813-WSSW-L

On March 17, 2010, the Commission approved a loan of up to \$25,750 from the Water, Sewer and Solid Waste Fund. The Board asked the Commission to modify the terms of the loan. The staff has reviewed the request and recommended its approval. The Commission approved the change in terms of 00813-WSSW-L from a period of twenty (20) years to a period of ten (10) years with equal annual payments with no interest.

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 Dr. Lamkin, second by Mr. Carter, the Commission approved the following reappointments:

REAPPOINTMENTS

<i>Newton County</i>	<i>Waymon Villines</i>
<i>Miller County</i>	<i>Don Mitchell</i>
<i>Miller County</i>	<i>William Smith</i>
<i>Washington County</i>	<i>Gene Pharr</i>
<i>Lafayette County</i>	<i>Troy Odom</i>
<i>Buffalo CD</i>	<i>Stanton Hayes</i>
<i>Buffalo CD</i>	<i>Warren Ballentine</i>
<i>Woodruff County</i>	<i>Vance Thompson III</i>

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

APPOINTMENTS

<i>Buffalo CD</i>	<i>Harold Hendrix</i>
<i>Mine Creek CD</i>	<i>Jim Hill</i>
<i>Washington County</i>	<i>Norman Findahl III</i>
<i>Randolph County</i>	<i>Martin A. Baltz</i>
<i>Randolph County</i>	<i>Eddie Prince</i>

CERTIFICATION OF 2010 ELECTION RESULTS – CONSERVATION DISTRICT BOARDS

Mr. Baber presented for certification by the Commission, results of the Perry County Conservation District Boards of Directors election held March 30, 2010.

Upon motion by Mrs. Cash, second by Mr. Hampton, the Commission certified the results as presented by the staff (a copy is attached to minutes).

DISTRICT FUNDING AND LINE ITEM RECOMMENDATIONS

Mr. Baber presented 2011 Grants to Districts Funding recommendations for the Commission's consideration.

Mr. Baber presented 2011 Line Item Funding recommendations for the Commission's consideration.

Dr. Lamkin commented that with today's technology, GIS applications should be expanded for small water systems to locate customers, to monitor trends of customer base; and for Conservation Districts to further use GIS information. Upon motion by Dr. Lamkin, second by Mrs. Cash, the Commission approved staff recommendations as presented for 2011 Grants to Districts Funding and 2010 Line Item Funding (a copy of each is attached to Minutes).

CONSERVATION DISTRICT ACTIVITY REPORT – Mr. Ken Housh introduced Mr. Bill Rainwater with the Lawrence County Conservation District. Mr. Rainwater gave a brief history of the conservation movement, adding that his father was one of the original founders of the conservation movement in the nation and helped organize the first conservation district in Arkansas on January 7, 1938.

BREAK/RECONVENE

ACTIVITY REPORTS

Informational activity reports were presented by the following: Mike Sullivan, State Conservationist, Natural Resources Conservation Service; Andrew Wargo III, President, Arkansas Association of Conservation Districts; Tom Riley, Policy Director, U of A Division of Agriculture; and Jaysson Funkhouser, USGS.

Of special interest, Mr. Sullivan stated that he was very appreciative of the conservation partnership and the work it does in meeting the needs of the state, and reiterated his commitment to the partnership. He gave an update on EQIP and stated that the initial funding was approximately \$15 million. Those funds were obligated except for a portion that was set aside for organic that received no sign-ups. This year there are over 700 contracts on more than 90,000 acres. More funding is expected because of the additional requests.

The interest in the Wetland Reserve Program is greater because the price for easements has increased up to \$1,100 per acre. The goal for enrollment has been set at 20,000 acres.

WATER RESOURCES MANAGEMENT DIVISION

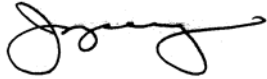
Mr. Earl Smith introduced Mr. Todd Fugitt to present the 2009 Ground Water Protection and Management Report. He pointed out that static water measurements are made every spring when complete recharge through the aquifer ground water systems occurs. This report contains information through a cooperative effort with USGS, NRCS, EPA, and other state agencies.

Mr. Jim Battreal stated that the report will be on the ANRC website this week. He noted that there is still a cone of depression in Union County even though there has been a tremendous rebound in the Sparta aquifer. He stated that preliminary results indicate no

declines in wells in Lonoke, Prairie, and Arkansas Counties probably because of the wet year, and, therefore, a reduction in pumping from the Sparta.

ADJOURN

There being no further business, the meeting was adjourned.



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

June 25, 2010
Date

CONSERVATION DISTRICT BOARD OF DIRECTORS

2010 Certification of Election Results

Adopted: May 19, 2010

The following persons, having received the largest number of votes in the election held in Perry County on March 30, 2010, is certified as Conservation District Directors-Elect with a term of office to begin on June 1.

PERRY COUNTY:

- ❖ Lee Nutt
- ❖ Rayford Windle
- ❖ Karen Brazil