

Minutes of the ARKANSAS NATURAL RESOURCES COMMISSION

May 20, 2009

The regular meeting of the Arkansas Natural Resources Commission was held Wednesday, May 20, 2009, at 9:00 a.m., at the Holiday Inn & NW Arkansas Convention Center, 1500 South 48th Street, Springdale, Arkansas.

Commissioners in attendance were Chairman Robert White; David Feilke, Ann Cash, Neal Anderson, Jerry Mitchell, and Sloan Hampton.

Staff members participating included: Randy Young, Executive Director; Earl Smith, Chief, Water Resources Management; Cynthia Bearden, Controller; Adrian Baber, Chief, Conservation Division; Crystal Phelps, Associate General Counsel; Mark Bennett, Chief, Water Resources Development Division; Joe Williams, Land Resource Specialist; and Pat Smith, Executive Assistant.

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

A list of guests is attached to the minutes.

APPROVAL OF MINUTES: MAY 5, 2009

Upon motion by Mr. Anderson, second by Mr. Feilke, the Commission approved the minutes of the May 5, 2009, 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 Proposed North Baxter County Water Distribution District – Mrs. Phelps presented the proposal for the formation of the North Baxter County Water Distribution District. This drinking water regional water distribution district would serve Lakeview, Midway, Northeast Public Water Authority, and Mountain Home in Baxter County with several additional cities being added in the future. A petition was received from the proponents of the district in the fall and was followed by a hearing on April 17, 2009, in Mountain Home. The comment period has closed without any negative comments regarding formation of the district. The District will provide drinking water from Lake Norfolk as well as Bull Shoals.

Upon motion by Neal Anderson, second by Ms. Cash, the Commission approved the formation of the North Baxter County Water Distribution District.

White River Minimum Streamflow Rulemaking – Mrs. Phelps stated that the public comment period was extended by request and that staff were reviewing those comments. Most of the comments were received from energy companies voicing concerns over pumping restrictions.

Mr. Young inquired about the date of the legislative review. Mrs. Phelps advised that the issue will probably be on the Arkansas Legislative Council Rules & Regulations Committee's agenda in August. Mr.

Young asked if the Commissioners would like to receive the comments and staff recommendations before the meeting with the Legislative Council. The Commissioners unanimously requested to receive comments and recommendations before staff meets with the Legislative Council.

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

For the record, Chairman White recused himself. Upon motion by Mrs. Cash, second by Mr. Anderson, the Commission approved the following recommendations:

EAST PRAIRIE COUNTY WATER ASSOCIATION (WSSW) **Up to \$61,800.00**

PURPOSE OF FUNDS: *To install a pressure filter to provide additional filtration and improve the finished water quality.*

The Commission approved a loan in an amount up to **61,800.00** for the East Prairie County Water Association from the Water, Sewer and Solid Waste Fund. This loan is for up to thirty (30) years at five percent (5%) interest. An administrative fee in an amount up to \$1,800 is to be retained by the Commission. Approval is contingent upon the Association establishing and maintaining a depreciation reserve fund

EAST PRAIRIE COUNTY WATER ASSOCIATION (WSSW) **Up to \$30,900.00**

PURPOSE OF FUNDS: *To install a pressure filter to provide additional filtration and improve the finished water quality.*

The Commission approved a grant in an amount up to **\$30,900.00** for the East Prairie County Water Association from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$900.00 is to be retained by the Commission. Approval is contingent upon the Association establishing and maintaining a depreciation reserve fund and upon the grant funds being the last funds used for the project.

BEAR CREEK WASTEWATER FACILITIES BOARD OF LEE COUNTY (WSSW) **Up to \$9,270.00**

PURPOSE OF FUNDS: *To pay for repairs to sewer pump station and make other repairs to the system.*

The Commission approved a grant in an amount up to **\$9,270.00** for Bear Creek Wastewater Facilities Board from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$270.00 is to be retained by the Commission. Approval is contingent upon the Board establishing and maintaining a depreciation reserve fund.

TRI-CITY UTILITIES INCORPORATED (RANDOLPH COUNTY) (WSSW) **Up to \$77,250.00**

PURPOSE OF FUNDS: *Cost overrun associated with sewer plant rehabilitation.*

The Commission approved a deferred loan in an amount up to **\$77,250.00** for Tri-City Utilities Incorporated from the Water, Sewer & Solid Waste Fund. This deferred loan is for thirty (30) years with a repayment schedule of twenty (20) years at five percent (5%) interest. Payment upon the principal is to be deferred for ten (10) years and interest is to be waived for ten (10) years. An administrative fee in an amount up to

\$2,250.00 is to be retained by the Commission. Approval is contingent upon the Entity establishing and maintaining a depreciation reserve fund.

STEPHENS (OUACHITA COUNTY) (WDF)

Up to \$309,000.00

PURPOSE OF FUNDS: *To provide a water line extension to serve 25 new customers.*

The Commission approved a loan in an amount up to **\$309,000.00** for Stephens from the Water Development Fund. This loan is for up to thirty (30) 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.

STEPHENS (OUACHITA COUNTY) (WDF)

Up to \$103,000.00

PURPOSE OF FUNDS: *To provide a water line extension to serve 25 new customers.*

The Commission approved a grant in an amount up to **\$103,000.00** for Stephens from the Water Development Fund. An administrative fee in an amount up to \$3,000.00 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.

WEST HIGHWAY 10 SUBURBAN WATER IMPROVEMENT DISTRICT NO. 344 (PULASKI COUNTY) (WDF) (Additional)

Up to \$381,100.00

PURPOSE OF FUNDS: *Cost overrun associated with extension of water service to unserved areas of Water Improvement District #344 and Ridgefield Estates Subdivision.*

The Commission approved a deferred loan in an amount up to **\$381,100.00** for West Highway 10 Suburban Water Improvement District No. 344 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 the principal is to be deferred for ten (10) years and interest is to be waived for ten (10) years. An administrative fee in an amount up to \$11,100.00 is to be retained by the Commission. Approval is contingent upon the District establishing and maintaining a depreciation reserve fund. The District will seek to sell its surplus property and proceeds of the sale will be used to reduce this loan or loan 00678-WDF-D.

ELKINS (WASHINGTON COUNTY) (DWSRF)

Up to \$3,000,000.00

PURPOSE OF FUNDS: *Highway 16 water main.*

The Commission approved loan funds in an amount up to **\$3,000,000.00** for Elkins from the Arkansas Drinking 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. Approval is contingent upon the availability of the federal capitalization grant and the state match.

DECATUR (BENTON COUNTY) (AWWDPAFGOBP)

Up to \$927,000.00

PURPOSE OF FUNDS: *To cover the construction costs of correcting changes in the design of the wastewater treatment plant due to differing site conditions.*

The Commission approved loan funding for Decatur from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount not to exceed **\$927,000.00**.

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 (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.

OBLIGATION OF FUNDS

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

(1)	Norfolk (Baxter County) (WSSW)	Up to \$10,300.00
(2)	Tuckerman (Jackson County) (WSSW) Deferred Loan (WSSW) Grant	Up to \$45,320.00 Up to \$45,320.00

DEOBLIGATION OF FUNDS

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

(1)	Tollette (Howard County) (WSSW)	\$53,218.00
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BOND RESOLUTIONS

Consideration of Approval of State of Arkansas Water, Waste Disposal & Pollution Abatement Facilities General Obligation Bonds Series, 2009 A Series Resolution – Mr. Bennett presented Resolution 2009-03 authorizing the Issuance and Sale of State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds. Upon motion by Mr. Mitchell, second by Mrs. Cash, the Commission adopted the Series Resolution authorizing the issuance and sale of \$15,275,000 of State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Series 2009A.

Consideration of Approval of the First Amendment to the Arkansas Development Finance Authority's Revolving Loan Fund Revenue Bond Program General Bond Resolution – Mr. Bennett stated that a resolution was brought before the Commission by Ms. Jane Dickey at the May 5, 2009, telephonic meeting. One additional change has been requested by Ms. Dickey. Upon motion by Mr. Anderson, second by Mr. Mitchell, the Commission approved the First Amendment to the RLF Revenue Bond Program General Bond Resolution.

Mr. Jim Fowler, with Morgan-Keegan, was delighted with results of the purchaser's bid for bonds resulting in significant savings to the state. Mr. Bennett stated that the maturity of the bonds was reduced by five years which will also mean significant savings.

Consideration of Resolution 2009-04 Governing the Issuance of State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds – Mr. Bennett presented Resolution 2009-04 to approve a proposal to issue one or more series of State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds. Mr. Ryan Bowman, with the Friday Law Firm, stated that this resolution allows the bonds to be issued and placed exclusively with the Clean Water RLF. After discussions with Mr. Bennett, he stated that the resolution will be amended to also include the Drinking Water Revolving Loan Fund. Upon motion by Mrs. Cash, second by Mr. Mitchell, the Commission adopted Resolution 2009-04 as amended and restated.

UPDATE OF THE AMERICAN RECOVERY AND REINVESTMENT ACT – Mr. Bennett reported that the solicitation period closed with more than \$550 million in applications being received. Staff is currently reviewing the applications before submission to EPA by the middle of June. A list of projects should be available by the end of May and necessary funding received by the 1st of August.

STATUS REPORT OF PROJECTS BID SINCE JANUARY 2009

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

BREAK/RECONVENE

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. Feilke, the Commission approved the following reappointments:

REAPPOINTMENTS

<i>Jefferson County CD</i>	<i>Wes McNulty</i>
<i>Poinsett County CD</i>	<i>Tom Wimpy</i>
<i>Jefferson County CD</i>	<i>Neal Ward</i>
<i>Craighead County CD</i>	<i>William Lacy III</i>
<i>Desha County CD</i>	<i>Bill Teeter</i>
<i>Desha County CD</i>	<i>Andrew Wargo III</i>
<i>Lee County CD</i>	<i>Martha Manley</i>
<i>Izard County CD</i>	<i>John Banning</i>

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

APPOINTMENTS

<i>Union County CD</i>	<i>Eveann George</i>
<i>Saline County CD</i>	<i>Franklin Wright</i>
<i>Stone County CD</i>	<i>Larry Gammill</i>
<i>Craighead County CD</i>	<i>Jerry Don Clark</i>
<i>Cleburne County CD</i>	<i>Charles Greene</i>

CERTIFICATION OF 2009 ELECTION RESULTS – CONSERVATION DISTRICT BOARDS

Mr. Baber presented for certification by the Commission results of the remaining Conservation District Boards of Directors election held March 3, 2009. Mr. Baber pointed out that Logan and Saline Counties were late in providing proper documentation resulting in the late submission. Upon motion by Mrs. Cash, second by Mr. Mitchell, the Commission certified the results as presented by the staff (a copy is attached to minutes).

DISTRICT FUNDING RECOMMENDATIONS

Mr. Baber presented 2010 Grants to Districts Funding recommendations for the Commission's consideration. Upon motion by Mrs. Cash, second by Mr. Anderson, the Commission approved staff recommendations as presented (a copy is attached to Minutes).

Mr. Baber presented 2010 Line Item Funding recommendations for the Commission's consideration. Upon motion by Mrs. Cash, second by Mr. Anderson, the Commission approved staff recommendations as presented (a copy is attached to Minutes). Mr. Baber presented recommendations to continue funding for District Audits for Agreed Upon Procedures. Upon motion by Mr. Mitchell, second by Mrs. Cash, the Commissioners approved funding in the amount of \$18,750 for district audits. Audits will be performed by interns from college intern program.

Mr. Baber presented recommendations for 2010 Beaver Funding. Staff has reviewed county appropriations and redistributed funding based on need in respective counties. Upon motion by Mr. Mitchell, second by Mr. Hampton, the Commission approved staff recommendations as presented (a copy is attached to Minutes).

COMMISSION TRAVEL EXPENSE REIMBURSEMENT

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

- Arkansas Association of Conservation Districts' Area Meetings
 - SE Area Meeting, June 2, 2009 at McGhee, Arkansas
 - WC Area Meeting, June 24, 2009, Clarksville, Arkansas
 - SW Area Meeting, July 24, 2009, Hope, Arkansas
 - NE Area Meeting, July 30, 2009, Wynne, Arkansas
 - E. Central Area Meeting, August 6, 2009, Walnut Ridge, Arkansas
 - NW Area Meeting, August 11, 2009, Harrison, Arkansas
 - Central Area Meeting

CONSERVATION DISTRICT ACTIVITY REPORT – Mr. Joe Williams introduced Mr. Gene Pharr, with the Washington County Conservation District. Mr. Pharr made a presentation on activities of the district. Mr. Pharr stated that the district conducts flood control inspections on structures in Washington County and maintains the emergency action plan for Kinion Lake and provides floodplain maps to the public.

WATER RESOURCES MANAGEMENT DIVISION

UPDATE ON CRITICAL GROUND WATER DESIGNATION – Mr. Smith stated that staff have received petitions from five conservation districts requesting critical ground water area designation for portions of each of the counties. They are: Clay, Craighead, Cross, Greene, and Poinsett Counties. The current annual ground water report shows water declines. The staff recommendation is that the Commission grant permission to begin the designation process in those counties. Upon motion by Mr. Mitchell, second by Mr. Feilke, the

Commission approved proceeding with process to designate Clay, Craighead, Cross, Greene, and Poinsett Counties as critical ground water areas.

Mr. Young advised that Commissioner Farmer has been working with the named conservation districts and delivered the petitions to our office. Mr. Smith stated that public hearings are required by law in each of the counties.

ACTIVITY REPORTS

Informational activity reports were presented by the following: Andrew Wargo III, President, Arkansas Association of Conservation Districts; Tom Riley, U of A Cooperative Extension Service; Anderson Neal, Natural Resources Conservation Service; and Ted Collins, Farm Service Agency.

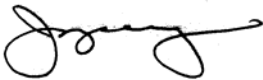
Of special interest, Mr. Wargo reported that the annual Youth Conservation Workshop is scheduled for June 7-12 at Camp Clearfork near Hot Springs with 50 students registered to attend. There were three finalists from all seven areas for the Dave Ferguson Scholarship. These students will move into the final round of competition by making an oral presentation on climate change.

Mr. Anderson announced that Mr. Pearlie Reed has been appointed by the President as the new Assistant Secretary for Administration.

Mr. Collins stated that 24 counties in Arkansas have been funded for damages sustained from the January ice storm in Arkansas. He has visited 300 farms in Benton and Washington Counties and noted serious problems of downed trees in waterways.

ADJOURN

There being no further business, the meeting was adjourned.



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

July 15, 2009
Date

REMAINING
CONSERVATION DISTRICTS BOARD OF DIRECTORS

2009 Certification of Election Results

Adopted: May 20, 2009

The following persons, having received the largest number of votes in the election held in their respective districts on March 3, 2009, are certified as Conservation District Directors-Elect with a term of office to begin on June 1.

LOGAN:

James Hawkins

Wayne Wall

Gloria Hixson

SALINE COUNTY:

Danny Tallent

Eileen Helmich

The Executive Director shall notify the Directors-Elect and provide them instructions on the steps necessary to enter their office as required by the rules of the Commission. The Executive Director shall also notify the Secretary of State as required by law.