

**Minutes of the
ARKANSAS NATURAL RESOURCES COMMISSION**

July 7, 2014

A special telephonic meeting of the Arkansas Natural Resources Commission was held Monday, July 7, 2014, at 10:00 a.m., at the office of the Arkansas Natural Resources Commission, 101 East Capitol, Suite 350, Little Rock, Arkansas.

Commissioners participating were Chairman Corbet Lamkin; Vice-Chairman David Feilke; Fred Fowlkes; Mike Carter; Sloan Hampton; Neal Anderson, and Jerry Hunton.

Staff members participating included: Randy Young, Executive Director; Jon Sweeney, Deputy Director/Chief Engineer; Crystal Phelps, General Counsel; Edward Swaim, Chief, Water Resources Management Division; Mark Bennett, Chief, Water Development Division; and Pat Smith, Executive Assistant.

Guests participating included: The Honorable Robert Patrick, Mayor of the City of St. Charles, Arkansas and Charles Summerford, P.E., Engineer with Summerford Engineering, Inc.

Chairman Lamkin called the meeting of the Arkansas Natural Resources Commission to order and requested Mrs. Smith to call roll.

WATER RESOURCES DEVELOPMENT DIVISION

Consideration of Emergency Application for Financial Assistance for the City of St. Charles – Mr. Mark Bennett introduced Mayor Robert Patrick, with the City of St. Charles, and Mr. Charles Summerford, with Summerford Engineering, Inc.

The Commission voiced its concern about the long-term viability of the system and suggested that the City consider connecting with the Grand Prairie Regional Water District to assure its viability and reliability for its customer base. The Commission also stressed the importance of establishing a replacement reserve. Mayor Patrick stated that the City is prepared to increase the water rates to maintain the reserve fund. Mr. Bennett advised that the increase to fund the reserve account will be 3% of the gross revenue up to \$75,000.00.

The staff was directed to oversee the city's compliance of the depreciation reserve fund.

Upon motion by Mr. Feilke, second by Mr. Hampton, the Commission voted 6 to 1, by roll call vote, (Mr. Carter opposed) to approve a loan for the City of St. Charles, in an amount up to \$164,800.00 from the Water Development Fund. This loan is for twenty (20) years at three and nine tenths percent (3.9%) interest. An administrative fee in an amount up to \$4,800.00 is to be retained by the Commission. Approval is contingent upon the city establishing and maintaining a depreciation reserve fund; and. The Commission also approved, by the same vote, a grant in an amount up to \$41,200.00 from the Water Development fund. An administrative fee in an amount up to \$1,200.00 is to be retained by the Commission. Approval is contingent upon the city establishing and maintaining a depreciation reserve fund, and upon these grant funds being the last funds used for the project.

Mr. Anderson underscored the importance of frontend loading the percentage rate for future loans because 3% is not sufficient to assure the maintenance of water systems. Mr. Bennett agreed that 3% doesn't provide assistance in the short term. Mr. Bennett will make an analysis and bring a recommendation with respect to frontend loading a reserve fund before the Commission.

ADJOURN

There being no further business, the meeting was adjourned.

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

Date