

**Minutes of the
ARKANSAS NATURAL RESOURCES COMMISSION
October 13, 2009**

A telephonic meeting of the Arkansas Natural Resources Commission was held Tuesday, October 13, 2009, at 9:00 a.m., in the Director's office at the Arkansas Natural Resources Commission, 101 East Capitol, Suite 350, Little Rock, Arkansas.

Commissioners in attendance were Chairman Robert White; Vice-Chairman Daniel Bryant, Alec Farmer, David Feilke, Corbet Lamkin, Neal Anderson, Jerry Mitchell, Ann Cash; and Sloan Hampton.

Staff members participating included: Randy Young, Executive Director; Jon Sweeney, Deputy Director/Chief Engineer; Mark Bennett, Chief, Water Resources Development Division; Dave Fenter, Marketing Manager, Water Resources Development Division; Darla Brooks, Financial Programs Manager; Lori Scott-Nakai; Wesley Perry, Fiscal Support Analyst; Pat Smith, Executive Assistant.

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

There were no guests in attendance.

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 Drinking Water State Revolving Fund (DWSRF); and the Clean Water State Revolving Fund (CWSRF).

Mr. Bennett reported that staff is continuing to work to get the Lonoke/White project eligible and to obtain funding from the regular program.

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

POINT REMOVE CREEK WATERSHED IMPROVEMENT DISTRICT (CONWAY COUNTY) (WDF)
Up to \$10,300.00

PURPOSE OF FUNDS: *To make emergency repairs to the Principal Spillway of Site 18 Dam.*

The Commission approved a grant in an amount up to **\$10,300.00** for Point Remove Creek Watershed Improvement District from the Water Development Fund. An administrative fee in an amount up to \$300.00 is to be retained by the Commission. Approval is contingent to the District establishing and maintaining a depreciation reserve fund.

GILLHAM REGIONAL WASTEWATER DISTRICT (HOWARD COUNTY) (WSSW)
Up to \$10,300.00

PURPOSE OF FUNDS: *To make emergency repairs to the wastewater treatment plant access road necessary because of flooding damage in September 2009.*

The Commission approved a grant in an amount up to **\$10,300.00** for Gillham Regional Wastewater District 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 to the District establishing and maintaining a depreciation reserve fund.

WABBASEKA (JEFFERSON COUNTY) (WSSW)

Up to \$103,000.00

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

The Commission approved a loan in an amount up to **\$103,000.00** for Wabbaseka 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 \$3,000.00 is to be retained by the Commission.

Prior to the disbursement of funds for this project, the Executive Director is requested to explore other options of acquiring water for customers of Wabbaseka, including purchase of wholesale water from/or acquisition of the system of nearby water systems. If the Director determines that it is in the best interest of the state, he may transfer funds provided to the new project or water system. Grant and loan funds for this project will be used proportionally.

WABBASEKA (JEFFERSON COUNTY) (WSSW)

Up to \$309,000.00

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

The Commission approved a grant in an amount up to **\$309,000.00** for Wabbaseka 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 to the Town establishing and maintaining a depreciation reserve fund.

Prior to the disbursement of fund for this project, the Executive Director is requested to explore other options of acquiring water for customers of Wabbaseka, including purchase of wholesale water from/or acquisition of the system of nearby water systems. If the Director determines that it is in the best interest of the state, he may transfer funds provided to the new project or water system. Grant and loan funds for this project will be used proportionally.

FRANKLIN-SEBASTIAN WATER LINE JOINT VENTURE (FRANKLIN & SEBASTIAN COUNTIES) (DWSRF)

Up to \$12,850,000.00

PURPOSE OF FUNDS: *Construct the facilities necessary to purchase treated water from the City of Fort Smith and transmit the water to the Charleston, Lavaca and River South Rural Water systems.*

The Commission approved loan funds in an amount up to **\$12,850,000.00** for the Franklin-Sebastian Water Line Joint Venture from the Arkansas Drinking Water State Revolving Loan Fund in accordance with the established funding priorities. Up to \$7,500,000.00 may be in the form of ARRA funds principal forgiveness. The loan repayment schedule will not exceed twenty (20) years. The Executive Director is authorized to allocate the funds provided to the cities of Charleston and Lavaca, and River South Rural Water District; and establish the combined annual borrower rate and loan terms. Approval is contingent upon the availability of ARRA funding. Upon final allocation of funds, the Executive Director shall report the allocation of the funds to the Commission.

FRANKLIN-SEBASTIAN WATER LINE JOINT VENTURE (FRANKLIN-SEBASTIAN COUNTIES)
(CGO) **Up to \$3,000,000.00**

PURPOSE OF FUNDS: *Construct the facilities necessary to purchase treated water from the City of Fort Smith and transmit the water to the Charleston, Lavaca and River South Rural Water systems.*

The Commission approved loan funding from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount not to exceed **\$3,000,000.00** for the Franklin-Sebastian Water Line Joint Venture. The Executive Director is authorized to allocate the funds provided to the cities of Charleston and Lavaca, River South Rural Water District and Franklin-Sebastian Public Water Authority.

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. Upon final allocation of funds, the Executive Director shall report the allocation of the funds to the Commission.

GLENWOOD (PIKE COUNTY) (DWSRF) **Up to \$900,000.00**

PURPOSE OF FUNDS: *To replace water meters with telemetry equipped meters that will allow the tracking of water usage on a real-time basis to detect leaks. This project is eligible for the ARRA DWSRF Green Reserve.*

The Commission approved loan funds for Glenwood in an amount up to **\$900,000.00** of which \$450,000.00 will be in the form of ARRA funds principal forgiveness for the City of Glenwood 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 ARRA funding.

HOT SPRINGS (GARLAND COUNTY) (DWSRF) **Up to \$13,000,000.00**

PURPOSE OF FUNDS: *To replace water meters with telemetry equipped meters that will allow the tracking of water usage on a real-time basis to detect leaks. A portion of this project is eligible for the ARRA DWSRF Green Reserve.*

The Commission approved loan funds for Hot Springs in an amount up to **\$13,000,000.00** for the City of Hot Springs 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 ARRA funding.

REVISED APPLICATIONS:

Rescind the August 28, 2009, approvals of the applications listed below and approve the applications as indicated:

COTTON PLANT (WOODRUFF COUNTY) (DWSRF)

Up to \$1,550,000.00

PURPOSE OF FUNDS: *Rehabilitation of water distribution system to reduce the high water losses within the system and other water system improvements. A portion of this project is eligible for the ARRA DWSRF Green Reserve.*

The Commission approved loan funds for Cotton Plant in an amount up to **\$1,550,000.00** of which the total amount will be in the form of principal forgiveness for the City of Cotton Plant 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 ARRA funding.

COTTON PLANT (WOODRUFF COUNTY) (WSSW)

Up to \$206,000.00

PURPOSE OF FUNDS: *Rehabilitation of water distribution system to reduce the high water losses within the system and other water system improvements.*

The Commission approved loan funds for Cotton Plant in an amount up to **\$206,000.00** 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. The approval is contingent upon Cotton Plant establishing and maintaining a depreciation reserve acceptable to the Executive Director. An administrative fee in an amount up to \$ 6,000.00 is to be retained by the Commission.

EAST PRAIRIE COUNTY WATER ASSOCIATION (PRAIRIE COUNTY) (DWSRF)

Up to \$600,000.00

PURPOSE OF FUNDS: *Water treatment plant improvements.*

The Commission approved loan funds for East Prairie County Water Association in an amount up to **\$600,000.00** of which \$300,000.00 will be in the form of principal forgiveness for East Prairie County Water Association 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 ARRA funding and upon the Water Association converting to a public body. Upon such conversion, the financial assistance provided shall be transferred to the public body.

SMACKOVER (UNION AND OUACHITA COUNTIES) (DWSRF)

Up to \$900,000.00

PURPOSE OF FUNDS: *Water system improvements, including a new storage tank and well.*

The Commission approved loan funds for Smackover in an amount up to **\$900,000.00** of which \$450,000.00 will be in the form of principal forgiveness for the City of Smackover from the Arkansas Drinking Water State Revolving Loan Fund in accordance with the established funding priorities. The loan

repayment schedule will not exceed thirty (30) years. The Executive Director will set the combined annual borrower rate and loan terms. Approval is contingent upon the availability of ARRA funding.

UNIVERSITY OF ARKANSAS EXPERIMENT STATION) (WASHINGTON COUNTY) (CWSRF)

Up to \$300,000.00

PURPOSE OF FUNDS: *To purchase equipment used in the Discovery Farm Program to benefit agricultural water quality. This project is eligible for the ARRA CWSRF Green Reserve.*

The Commission approved a grant in an amount up to **\$300,000.00** for the University of Arkansas Agricultural Experiment Station from the Arkansas Clean Water State Revolving Loan Fund in accordance with the established funding priorities. Approval is contingent upon the availability of ARRA funding.

LITTLE ROCK (PULASKI COUNTY) (CWSRF)

Up to \$300,000.00

PURPOSE OF FUNDS: *To develop William Clark Wetlands near the Clinton Presidential Library Park for water quality and educational purposes. This project is eligible for the ARRA CWSRF Green Reserve.*

The Commission approved a grant in an amount up to **\$300,000.00** to the City of Little Rock from the Arkansas Clean Water State Revolving Loan Fund in accordance with the established funding priorities. Approval is contingent upon the availability of ARRA funding.

Rescind the December 11, 2007 and February 4, 2009, approvals of the applications for the City of Batesville and approve the application listed below:

BATESVILLE (INDEPENDENCE COUNTY) (CWRLF)

Up to \$50,000,000.00

PURPOSE OF FUNDS: *To upgrade the existing wastewater treatment facilities to meet Arkansas Department of Environmental Quality requirements, improve energy efficiency within the wastewater collection and treatment system, and to extend service to approximately 135 new sewer customers. A portion of this project is eligible for the ARRA CWSRF Green Reserve.*

The Commission approved loan funds in an amount up to **\$50,000,000.00** for the City of Batesville from the Arkansas Clean Water State Revolving Loan Fund in accordance with the established funding priorities. A portion of this project will be funded with ARRA funds. Of the ARRA funds provided, up to \$6,300,000.00 maybe in the form of principal forgiveness. 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 ARRA funding.

Rescind the July 18, 2007, approval of the application for City of Prairie Grove and approve the application listed below:

PRAIRIE GROVE (WASHINGTON COUNTY) (CWSRF)

Up to \$8,000,000.00

PURPOSE OF FUNDS: *To rehabilitate, upgrade level of treatment, and enlarge the existing treatment plant from 0.5 MGD to 0.9 MGD.*

The Commission approved loan funds in an amount up to **\$8,000,000.00** for the City of Prairie Grove from the Arkansas Clean Water State Revolving Loan Fund in accordance with the established funding priorities. A portion of this project will be funded with ARRA funds. Of the ARRA funds provided, up to \$2,000,000.00 may be in the form of principal forgiveness. 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 ARRA funding.

Rescind the February 4, 2009, approval of the application for the Ozan Creek Waterworks Facilities Board and approve the application listed below:

OZAN CREEK WATERWORKS FACILITIES BOARD (HEMPSTEAD COUNTY)
(WSSW)

Up to \$181,280.00

PURPOSE OF FUNDS: *To upgrade existing meters to telemetry equipped meters and other costs associated with the completion of construction of the original project.*

The Commission approved a loan in an amount up to **\$181,280.00** 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 \$5,280.00 is to be retained by the Commission.

CHANGE IN TERMS OF FINANCIAL ASSISTANCE:

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

ALLPORT (LONOKE COUNTY)

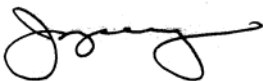
WSSW-80-18-D
WSSW-81-25-D

The Town of Allport has experienced difficulties in operating its water system and has entered into negotiations with Grand Prairie Regional Water District ("Grand Prairie") to purchase the town's water system. Currently, Allport has two loans outstanding with the Commission: WSSW-80-18-D in the principal amount of \$87,215.89 and WSSW-81-25-D in the principal amount of \$23,242.08. In order to have capital for the connection and integration of the Allport system into Grand Prairie system, it is necessary for these two loans to be forgiven. The Commission authorizes the Executive Director to forgive all principal, interest and late fees for WSSW-80-18-D and WSSW-81-25-D. This action is subject to the following conditions: (1) the acquisition of the Allport system by the Grand Prairie; (2) the payment of all other outstanding debts of the Allport water system by Allport or Grand Prairie, including without limitation federal and state tax liens; (3) the assumption by Grand Prairie of Allport's responsibilities under the H.A.C.T. Regional Wastewater Treatment District of Lonoke County, Arkansas Intergovernmental Agreement between Allport, Coy, Humnoke and the H.A.C.T. Regional Wastewater District.

Mr. Bennett briefed the Commission on the ARRA projects. There are open bids on three projects; two closings; and one project has been authorized to go to bid. All funds will be committed before the February 2010 deadline.

ADJOURN

There being no further business, the meeting was adjourned.



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

December 14, 2009
Date