



Sarah Huckabee Sanders
Governor

ARKANSAS DEPARTMENT OF AGRICULTURE

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Wes Ward
Secretary of Agriculture

December 1, 2025

Senator Ben Gilmore, Co-Chair
Representative Les Eaves, Co-Chair
Arkansas Legislative Council

RE: 2026-2027 Biennium Plan of Work for the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program of Act 631 of 2007.

Dear Co-Chairs,

I am providing the 2026 – 2027 Biennium Plan of Work for the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program under Act 631 of 2007.

The Arkansas Natural Resources Commission (Commission) plans to issue a maximum aggregate principal amount of \$48.5 million in bonds in multiple series of issues under Act 631 of 2007 during the biennium. Through a review of existing bonds, we have concluded that we can issue, if needed, \$48.5 million in bonds and remain within the current general revenue allocated to this program annually (\$14.8 million).

The 2026 – 2027 Biennium Plan of Work for the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program under Act 631 of 2007 was reviewed by the Arkansas Department of Finance and Administration. They concluded that the proposed bond issue will not work undue hardship upon any agency or program supported from State general revenue under the provisions of the Revenue Stabilization Law. A copy of the letter from Secretary Jim Hudson is included in the attachment.

Ark. Code Ann. § 15-20-1303 requires review by the Joint Budget Committee if the General Assembly is in Session, and review by the Legislative Council if the General Assembly is not in session. Upon conclusion of the review by the appropriate committee of the submitted 2026 – 2027 Biennium Plan of Work, the Legislature's advice to the Governor is requested prior to the issuance of a proclamation authorizing the Commission to proceed with the issuance of bonds.

Respectfully,

Wes Ward
Secretary of Agriculture
State of Arkansas



STATE OF ARKANSAS
**Department of Finance
and Administration**

OFFICE OF THE SECRETARY

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November 21, 2025

Secretary Wes Ward
Arkansas Department of Agriculture
1 Natural Resources Drive
Little Rock, AR 72205

Dear Secretary Ward:

As requested, I have reviewed the Arkansas Natural Resources Commission's Plan of Work for the 2026-2027 Biennium Arkansas Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bond Program.

You state in your letter that the Commission plans on issuing a maximum aggregate principal amount of \$48,500,000 in bonds in multiple series over the biennium. The current general revenue allocation per year of \$14,800,000 is projected to be sufficient to fund these programs.

I conclude that this bond issue will not work undue hardship upon any agency or program supported from State general revenue under the provisions of the Revenue Stabilization Law. However, under current economic conditions and general revenue projections for the 2026-2027 biennium, any additional expansion of these programs beyond the amounts approved by this letter could not be sustained. Accordingly, neither the Department of Agriculture nor the Commission may commit to any projects beyond the amounts set forth in this letter without my prior approval.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Hudson", is written over a horizontal line.

Jim Hudson
Secretary & Chief Fiscal Officer



Arkansas Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bond Program

Plan of Work Fiscal Years 2026 and 2027

Adopted: October 1, 2025

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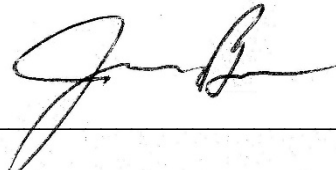
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RECOMMENDATION

Because of the demonstrated need for further development of water, waste disposal and pollution abatement facilities, and other environmental projects statewide, and the benefits to accrue from the availability of funding through the General Obligation Bond Program (Program), the Arkansas Natural Resources Commission (Commission) hereby requests the Governor approve this Plan of Work (Plan), and as soon as practicable after receiving the advice of the Legislative Council and conferring with the Chief Fiscal Officer of the State on the matter, issue a proclamation authorizing the issuance by the Commission during the fiscal years ending June 30, 2026, and June 30, 2027, of one or more series of State of Arkansas Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bonds (Bonds) in the maximum aggregate principal amount of \$48,500,000.

The Plan has been executed by the Chairman on behalf of the Commission and attested by the Director of the Natural Resources Division, duly authorized thereunto by resolution of the Commission approving the Plan of Work and authorizing its execution, duly adopted the 1st day of October 2025.

ARKANSAS NATURAL RESOURCES COMMISSION

By: 

Jamie Burr
Chairman

ATTEST:



Chris Colclasure
Director

SECTION I – INTRODUCTION

The Arkansas Water, Waste Disposal, and Pollution Abatement Facilities Financing Act of 2007 (Act), codified at Ark. Code Ann. §§ 15-20-1301 to 1323, requires a Plan be submitted to and approved by the Governor of the State of Arkansas (State) by the Commission before any bonds can be issued. The Act requires the Governor to confer with the Chief Fiscal Officer of the State about the use of General Revenues to repay these bonds and obtain the advice of the Legislative Council. Once issued, the bonds will be repaid from payments received by the Commission from loans made with the bond proceeds.

The Act authorizes a maximum of \$300,000,000 in bonds with a limit of \$60,000,000 in any biennium without prior approval of the legislature for a larger amount. See Ark. Code Ann. § 15-20-1303(b). As of June 30, 2025, bonds in the amount of \$251,500,000 have been issued, leaving \$48,500,000 available for future bonds. The Act limits the amount that can be used to fund irrigation projects to \$100,000,000. See Ark. Code Ann. § 15-20-1303(a)(2). As of June 30, 2025, bonds in the amount of \$74,000,000 have been issued to fund irrigation projects, leaving \$26,000,000 available for future projects.

Because these are General Revenue Bonds of the State backed by the full faith and credit of the State, the Commission will not issue any bonds unless it can assure the Governor that

issuance will not cause the current General Revenues allocated to these bonds to be exceeded.

The Commission requests authority to issue a maximum of \$48,500,000 in bonds during the 2026 – 2027 biennium. The Commission also requests authority to issue up to \$26,000,000 in bonds for irrigation projects, if needed. The Plan sets forth what may happen during the 2026 – 2027 biennium. It does not indicate that the Commission will issue \$48,500,000 during the biennium. The Commission will only issue bonds as funds are needed.

SECTION II – NEEDS AND BENEFITS

The Environmental Protection Agency's Drinking Water Infrastructure Needs Survey and Assessment (7th Report to Congress, Sep. 2023) of Arkansas's public water systems was conducted jointly by the Environmental Protection Agency (EPA) and the Arkansas Department of Health. It projected Arkansas's current water needs to be over \$7.6 billion. Adequate supplies of pure potable water are essential for health, quality of life, and economic development.

The EPA's 2022 Clean Watershed Needs Survey (Report to Congress, April 2024) shows that Arkansas has a total of approximately \$5.4 billion in water quality improvement needs. Adequate waste disposal and pollution abatement facilities and programs are essential for

health, quality of life, and economic development.

The 2021 Arkansas American Rescue Plan Act of 2021 needs survey identified needs of more than \$5.3 billion for water, wastewater, stormwater, irrigation, floodplain management, dam/levee, and non-point source pollution reduction projects.

In addition to the traditional water and wastewater projects funded through the Program, there is a growing need to protect our groundwater resources. In particular, the Sparta aquifer, which is designated as a critical groundwater aquifer, is threatened. The Commission has a history of supporting projects that convert users from groundwater to surface water. The Commission is currently working with two local irrigation districts to provide match funds needed to obtain federal funding for their irrigation projects: the Grand Prairie Area Demonstration Project and the Bayou Meto Irrigation Project. Both projects will provide surface water for agricultural purposes and reduce the use of the alluvial and Sparta aquifers.

The Grand Prairie Area Demonstration Project, sponsored locally by the White River Regional Irrigation Distribution District, is one of two large irrigation projects under construction. This project is designed to use water from the White River for crop irrigation. When fully constructed, the project will provide an estimated 247,000 acres with irrigation water. The project cost totals approximately \$550 million and is being constructed in partnership with the

Commission, Arkansas Department of Agriculture, U.S. Army Corps of Engineers, and U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS).

The second project is the Bayou Meto Irrigation Project, sponsored locally by the Bayou Meto Water Management District. This project is designed to use water from the Arkansas River for crop irrigation. When fully constructed, the project has the potential to irrigate 265,000 acres. Total cost of construction is estimated at \$762 million. Partners include the Commission, Arkansas Department of Agriculture, U.S. Army Corps of Engineers, NRCS, and the Arkansas Game and Fish Commission.

Historically, most financing for Arkansas's water, waste disposal, and pollution abatement facilities was provided by the federal government, including the EPA, U.S. Department of Agriculture's Rural Development (RD), formerly Farmers Home Administration, the Economic Development Administration (EDA), and the Department of Housing and Urban Development (HUD). These are all important sources of funds for water and wastewater infrastructure construction and rehabilitation.

In recent years, funding for these programs has been increased as the federal government worked to stimulate the economy and improve infrastructure throughout the country through public works projects. However, the base programs have seen a decrease in state

allocations because of congressionally directed spending.

The combined federal assistance for Arkansas's water, waste disposal, and pollution abatement facilities projects from EPA, RD, EDA, and HUD in the fiscal years ending June 30, 2025, and June 30, 2026, is unknown currently as federal budgets are being negotiated. The limitation on these federal funds is that each federal agency has special requirements placed upon its programs. Requirements include:

1. EPA funds can only be used to obtain or maintain compliance with federal environmental laws or eliminate a public health threat;
2. RD communities must have populations under 10,000 and preferably under 5,000;
3. EDA funds must directly relate to creation or preservation of jobs; and
4. HUD funds must be directed to low to moderate income families. Although the programs fill real and pressing needs, many essential projects do not meet their requirements.

Even with all the federal assistance and the availability of funds from the commercial bond market, several essential water, waste disposal, pollution abatement, drainage and flood control, irrigation, and wetlands preservation projects cannot be

completed without the availability of Program funds. Proceeds from the Bonds will provide an opportunity for entities to borrow much needed capital funds with reduced finance costs. The State, through the Commission, can obtain funds at interest rates lower than many of the entities could obtain on their own. The entities save a significant amount in interest costs over the life of their loan.

SECTION III - AUTHORITY TO ISSUE

The Act authorizes the Commission to issue State of Arkansas Water, Waste Disposal, and Pollution Abatement Facilities Bonds, upon authorization by the Governor, totaling up to \$60,000,000 in any fiscal biennium.

1. Total Bonds authorized by the Act:
\$300,000,000
2. Bonds previously issued under the Act: *
 - a. Series 2010A issued on February 9, 2010
\$ 23,000,000
 - b. Series 2010C issued on June 24, 2010
\$ 9,500,000
 - c. Series 2012B issued on August 1, 2012
\$ 44,000,000
 - d. Series 2014A issued on August 6, 2014
\$ 10,000,000

- e. Series 2017A issued on June 8, 2017
\$ 20,000,000
- f. Series 2019 issued on June 19, 2019
\$ 30,000,000
- g. Series 2022B issued on April 14, 2022
\$ 17,000,000
- h. Series 2023 issued on June 28, 2023
\$ 43,000,000
- i. Series 2024A issued on May 14, 2024
\$ 17,000,000
- j. Series 2024B issued on May 14, 2024
\$ 13,000,000
- k. Series 2025 issued on May 28, 2025
\$ 25,000,000
- l. Total Bonds previously issued:
\$251,500,000
- 3. Remaining Bond authorization under the Act:
\$ 48,500,000
- 4. Requested maximum amount of Bonds to
 - a. be issued in fiscal years ending June 30, 2026,
 - b. and June 30, 2027:
\$ 48,500,000
- 5. Remaining authorization at the end of the fiscal year
 - a. ending June 30, 2027, assuming maximum issuance in

- b. the fiscal years ending June 30, 2026, and June 30, 2027: \$ 0

Note: Refunding Bonds do not count against the Act's overall authorization.

The Act authorizes the Commission to issue Bonds totaling up to \$100,000,000 for the purpose of construction of irrigation projects (Irrigation Bonds).

- 1. Total Irrigation Bonds authorization by the Act:
\$100,000,000
- 2. Irrigation Bonds previously issued under the Act:
 - a. Series 2017A issued on June 8, 2017
\$ 10,000,000
 - b. Series 2019 issued on June 19, 2019
\$ 10,000,000
 - c. Series 2023 issued on June 28, 2023
\$ 30,000,000
 - d. Series 2024A issued on May 14, 2024
\$ 17,000,000
 - e. Series 2025 issued on June 25, 2025
\$ 7,000,000
 - f. Total Irrigation Bonds previously issued:
\$ 74,000,000

- 3. Remaining Irrigation Bonds authorization under the Act:
\$ 26,000,000

4. Requested maximum amount of Irrigation Bonds
 - a. to be issued in fiscal years ending June 30, 2026,
 - b. and June 30, 2027:

\$26,000,000

5. Remaining Authorization for Irrigation Bonds at the end
 - a. of the fiscal year ending June 30, 2026, assuming maximum
 - b. issuance in the fiscal year ending June 30, 2026,
 - c. and June 30, 2027:

\$ 0

SECTION IV – PLAN OF ACTION

It is the intent of the Commission, subject to receiving the approval of the Governor and advice of the Legislative Council, to proceed under the Plan to issue one or more series of Bonds with a total aggregate principal amount not to exceed the remaining authority of \$48,500,000 in the fiscal years ending June 30, 2026, and June 30, 2027. The Commission pledges to not issue any bonds if the issuance will cause our use of General Revenues to exceed the amount already approved for use in this program.

The Commission will give primary emphasis on the selection of final project applicants to objective selection criteria based on the factors described below. For a variety of reasons, including those

mentioned below, one or more of the preliminary projects under consideration may not be selected as a final project for financing with Bond proceeds. The Commission will endeavor to work closely with all applicants to ensure that as many applicants as possible may qualify.

It is our plan to make financial assistance available for one or more of the following types of projects, in accordance with the Act: water, waste disposal, pollution abatement, drainage and flood control, irrigation, wetlands preservation, and other environmental projects. Bond proceeds will also be applied to pay those costs and expenses allowed by the Act, including, without limitation, project administration costs of the Program and issuance costs of the Bonds. The type of project financial assistance may vary from grants or loans, taxable or tax exempt, fixed or variable rates, interim or permanent loans in accordance with the Act. A portion of the Bond proceeds will be applied to meet the required state match for federal grant programs or other state approved programs that benefit the public in accordance with the Act and to fund the administrative costs of the program. The Arkansas Department of will provide the resources needed to:

1. Assess the funding needs of each project.
2. Provide rate and financial capability analysis to determine the financial capability of each applicant and the type of assistance to be provided.

3. Provide financial, technical, and managerial assistance to each applicant.
4. Determine if the project will be financed in whole or part.
5. Monitor the project's compliance with all applicable federal and state laws, Commission regulations, and transactional documents.
6. Monitor the Program's portfolio to ensure timely debt service payments.

SECTION V – PRELIMINARY PROJECT EVALUATION AND SELECTION CRITERIA

Bonds issued and projects funded will conform to the requirements of the Act. To this end, the following threshold selection criteria will be used in evaluation and selection of projects:

1. **KNOWN HEALTH NEED:** Reflects presence of documented health hazards, water source inadequacy, potability problems, treatment or disposal inadequacy, system failures, etc.
2. **SPECIAL PRIORITY:** Special consideration may be given based upon the urgency of need for the project and the presence or absence of other alternatives.
3. **FINANCIAL LEVERAGING:** Reward applicants with other sources of funds (i.e. local, federal, private, etc.).
4. **COST PER CUSTOMER:** Lower cost per customer would improve project standing.
5. **DISADVANTAGED AREA:** Areas with high incidence of low income, unemployment, or elderly persons would receive special consideration.
6. **ABILITY TO PROCEED:** The project's ability to meet program requirements and immediately proceed into the construction phase.
7. **RESOURCE USE:** Priority will be given to projects that result in an improvement of identified water quality problems, aid in use attainment, minimize impacts on or protect extraordinary water resources, protect or create wetlands, change to a less stressed resource (i.e. changing from ground water to surface supply), protect life and property from flooding or drainage problems, provide water for beneficial agricultural uses, or provide a more efficient use of resources (i.e. supplying water on a regional basis).
8. **TYPE OF PROJECT:** Specific types of projects will determine the ranking under this criteria (i.e. new users might rank higher

than fire protection or treatment capacity for future growth).

9. ECONOMIC DEVELOPMENT:
Projects that meet the goals of the State or local Economic Development plans.

SECTION VI - PROCEDURE FOR SELECTION OF PROJECTS

The Commission must receive an application to consider a project for funding from the Program. The application will provide the information needed to determine the type and amount of funding offered from the Program. Information to be contained in all applications includes detailed descriptions of service areas, work to be performed, construction cost estimates, estimates of operation and maintenance expenses, project revenues or other sources of repayments, and estimated benefits to accrue from the projects. This information is necessary to expedite loan closing, allowing projects to construct and repayment to begin and reducing the draw on State general revenues.

The Commission believes it is desirable to evaluate the various projects in an objective method using common standards to consider a multitude of different types of projects in communities of widely varying sizes and economic and environmental circumstances. It is the Commission's intent to consider each project individually and to make final selections

based upon the applicant's needs and ability to repay the assistance provided. The Commission will also consider other funding sources available to applicants when making project awards.

The Commission intends to achieve a broad distribution of the available Bond proceeds throughout the State to reduce the risk of local economic problems and attain an equitable distribution of funds.

SECTION VII - PRELIMINARY LIST OF PROJECTS UNDER CONSIDERATION

The following potential projects have shown an interest in obtaining financing under the Program. It is not mandatory that a project listed below be funded, and other well-qualified and deserving water, waste disposal, pollution abatement, drainage and flood control, irrigation, wetlands preservation, and other environmental projects meeting the Commission's standards may request funding and be presented to the Commission later.

The following grant or deferred loan projects were identified for possible funding during the fiscal years ending June 30, 2024, and June 30, 2025:

1. The Clean Water Revolving Loan Fund (Match):
The Clean Water Revolving Loan Fund estimates receiving a total of \$30 million from the EPA during the biennium. The State is

required to provide an estimated \$6 million in State funds.

2. The Drinking Water State Revolving Fund (Match):
The Drinking Water State Revolving Fund estimates receiving a total of \$102 million from the EPA during the biennium. The State is required to provide an estimated \$20.4 million in State funds.
3. Bayou Meto Water Management District:
The amount needed is currently unknown. The total aggregate principal amount will not exceed the \$26 million requested for irrigation projects under the Act in the fiscal years ending June 30, 2026, and June 30, 2027.
4. White River Regional Irrigation Distribution District:
The amount needed is currently unknown. The total aggregate principal amount will not exceed the \$26 million requested for irrigation projects under the Act in the fiscal years ending June 30, 2026, and June 30, 2027.
5. Capital Improvement Projects:
Estimate need will exceed available funding with limitation of the Clean Water and Drinking Water State Revolving Loan fund, as a result the GO Bond program will be necessary to supplement projects during this biennium. The projects below

have submitted funding applications for consideration:

| Entity | Project |
|-------------|--------------------------------------|
| Bentonville | Water Transmission Line |
| Waldo | Wastewater Improvements 2025 |
| Tuckerman | WW Lift Station & Force Main Rehab |
| Bearden | Water Distribution Improvements 2025 |
| | Total |

The annual General Revenue needs for the additional debt issuance are estimated to be between \$3.2 to \$6.9 million, assuming the sale of \$48,500,000 of taxable bonds with a repayment schedule of not less than 10 years and not more than 30 years with rates estimated between 5 percent to 7 percent. As older bonds are paid off, the additional bonds can be paid and not exceed the General Revenue allocated to the program.

SECTION VIII - PROCEDURES FOR TIMING AND SIZING THE BOND ISSUES

When issuing each series of Bonds, the Commission will consult with its staff, financial advisor, and bond counsel in evaluating when, what type, and size of issue. The evaluation will include, but not be limited to, the following items:

1. SUFFICIENT BOND AUTHORIZATION REMAINING UNDER THE ACT:
The total principal amount of Bonds to be issued during the fiscal years ending June 30, 2026, and June 30, 2027, will not exceed

\$48,500,000. Any funds made available to irrigation projects will be included in this amount.

2. SUFFICIENT ISSUE SIZE, TIMING AND TYPE OF ISSUE, AND LOAN DEMAND:
Evaluate the issuance cost effectiveness, interest rate trends, urgency of project need for health and other reasons, and availability of other acceptable projects.

3. PROJECTED STATE GENERAL REVENUE IMPACT:
The Commission will attempt to set origination points and/or the borrowers' interest rates at a level where the projected total loan repayments equal or exceed the total debt service on the Bonds allocated to loans. At least once a year, notify the Chief Fiscal Officer of the State for compliance with Revenue Stabilization Law of Arkansas. Annually, notify the Chief Fiscal Officer of the State of the annual amount of general revenue funds required to be set aside from the State general revenues.