

EXHIBIT C

MINUTES
LEGISLATIVE TASK FORCE ON INTERMODAL
TRANSPORTATION AND COMMERCE
Tuesday, June 24, 2014

The Legislative Task Force on Intermodal Transportation and Commerce met on Tuesday, June 24, 2014, at 10:00 a.m., in Room B, MAC, in Little Rock, Arkansas.

Task Force members in attendance: Senators Bruce Holland, Senate Chair, and Bobby J. Pierce; Representatives Dan M. Douglas and John Payton; Scott Bennett, Kenneth Burleson, Gene Higginbotham, Lou Ann Nisbett, Mathew Pitsch, and Daniel Robbins

Other legislators in attendance: Representative Scott Baltz, Joe Farrer, John K. Hutchison, Homer Lenderman, Terry Rice, and Tommy Thompson

The meeting was called to order by Representative Douglas.

Consideration to Approve Minutes of the February 18, 2014, Meeting

Senator Pierce made a motion to approve the February 18, 2014, meeting minutes and Mr. Higginbotham seconded the motion. The motion passed without objection.

Representative Douglas introduced Kenneth Burleson who was appointed by the Commissioner of State Lands to replace Cory Cox.

Discussion of Issues facing Intermodal Transportation Authorities

Wayne Gearheart, Executive Director, Northeast Arkansas Regional Intermodal Facilities Authority (NEARIFA), gave a brief description of NEARIFA and cited funding as one of its main challenges. NEARIFA is a six-member organization with membership fees of \$1,000 annually. NEARIFA serves two counties: Randolph and Lawrence, and four cities: Corning, Pocahontas, Walnut Ridge, and Hoxie. Mr. Gearheart discussed Peco Foods' announced plans to build a fully integrated poultry complex in Randolph and Clay Counties which will include a hatchery, feed mill, and processing plant. Peco Foods plans to invest an estimated \$165 million and create 1,000 new jobs.

Milton Smith, Treasurer, Northeast Arkansas Regional Intermodal Facilities Authority (NEARIFA), advised that Randolph County does not have a rail system. However, there are two major rails in Walnut Ridge and Hoxie and one in Corning County. Representative Lenderman asked if any discussions with Peco Foods included byproduct plants. Mr. Gearheart replied other companies are expected to come in the area and bring 1,100 new jobs. It is anticipated that 400 new poultry houses will be built in Randolph, Clay, and Lawrence Counties to support the processing plants.

Ms. Nisbett asked whether there has been an economic development sales tax to help grow funds for infrastructure, rail, and transportation. Mr. Gearheart stated the city of Pocahontas has a 1½ cent sales tax for economic development and streets, which has been a big help.

Representative Douglas inquired about the importance of rail. Mr. Gearheart stated it is absolutely necessary and is why the feed mill is located 27 miles north of the processing plant. He added that rail into Randolph County would be a tremendous advantage. Mr. Smith added that some companies would like to spur off the existing rail.

Representative Baltz discussed several industrial businesses that could use the rail: two salvage yards, a peanut plant, fertilizers, and now Peco Foods with several other spin-offs.

Lewis Diggs, President, Southwest Arkansas Regional Intermodal Authority (SWARIA), advised SWARIA is made up of four counties: Clark, Dallas, Pike, and Montgomery; with two members from each county, a county judge, and his/her appointee. Annual membership fees are \$1,000 and are determined by county population. The executive board consists of one person from each county. Mr. Diggs stated that funding is SWARIA's main challenge and discussed several issues and current projects. The mill has been sold twice and is currently under letter of intent. The opportunity to purchase a 53-mile railroad for \$50,000 was declined due to the extensive work to repair it. Caddo Valley later sold the railroad for \$1 million. A budget of \$3.5 million is projected but, with the request of three switches, the budget increased to \$5 million. Arkadelphia Alliance agreed to loan SWARIA the funds for the project. Any profits generated in the next 10-15 years will go towards the loan repayment. Mr. Diggs stressed the need for the addition of a line item for intermodal by population and county for research and advertisement.

Report on Departments of Transportation in Surrounding States (Handout #1)

Scott Bennett, Director, Arkansas Highway and Transportation Department, discussed his handout "State Transportation Department Modal Responsibilities". Mr. Bennett pointed out the responsibilities of Transportation Departments in all states. In most states, transit responsibilities fall under the Department of Transportation. The Department of Transportation is a pass thru for federal funds from the Federal Transit Administration to transit agencies. For any state that reaches 500,000 in population, the funds go directly from the Federal Transit Administration to the transit agency. In 1991 the Intermodal Surface Transportation Efficiency Act was passed, making transportation more seamless and placing more emphasis on freight. Arkansas is responsible for 90% of transportation and freight, network, bicycle, and pedestrian plans, as well as coordinating with all intermodal affairs.

Other Business

Representative Payton discussed the tax free zone issue from the last meeting and how this conveys with activities and other businesses or companies. **He advised that a request has been made for an Attorney General's opinion.**

Without any further business, the meeting adjourned at 10:45 a.m.