

City of Bull Shoals Council Meeting Minutes
Thursday February 26, 2026 at 6:30pm
Bull Shoals City Hall Council Chambers
706 C.S. Woods Blvd Bull Shoals, AR 72619

The meeting began with the Pledge of Allegiance. Mayor Stahlman, Recorder Reynolds, Councilman Hutchison, Councilman Webb, Councilman Meinking, Councilman Bolen, Councilman Grede and Councilman Howell are all present. We have a quorum.

Apology and Reimbursement: The Mayor offered a sincere apology to Gary Heinbach for an error regarding his business license payment, confirming he had paid and was reimbursed for the duplicate payment.

Approval of Minutes: Motion to accept made by Councilman Howell, 2nd by Councilman Bolen. Yes – 6, No – 0. The council approved the minutes from the January 29th, 2025 meeting

Treasurer's report: Motion to accept made by Councilman Meinking, 2nd by Councilman Hutchison. Yes – 5, No – 1, Councilman Howell.

IRS Penalties and Anonymous Donation: The city incurred \$4,323.78 in IRS penalties for overdue payments in 2025. An anonymous citizen covered this cost, preventing the use of taxpayer money. This led to significant discussion and concern about how the anonymous donor knew about the penalties before the council.

Department Reports:

Police Department: Recommendations from the Law Enforcement Committee were submitted, unanimously recommending Patrolman Haley Herron for promotion to Sergeant. Sergeant badge presented to Officer Herren.

Fire Department: Report submitted.

Public Works: : Motion to accept Mr. Fawcett as public works director made by Councilman Grede, 2nd by Councilman Bolen. Yes – 6, No – 0. Merle Fawcett was hired as a part-time Public Works Director, with no health insurance costs to the city. He has already made improvements.

Street, Water, Wastewater: : Motion to accept reports made by Councilman Webb, 2nd by Councilman Howell. Yes – 6, No – 0. Discussion about improving sewer line inspection with a modified camera system to better identify infiltration points. Smoke testing is being conducted in various areas.

Parks Committee: New parking bumpers have arrived for Browns Beach. Plans are underway to install them and to secure stainless steel cable for the swim area before the lake level rises.

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Tree Removal Bids: The council reviewed four bids for tree removal at various parks and a street location. : Motion to accept bid of \$2850.00 made by Councilman Hutchison, 2nd by Councilman Bolen. Yes – 6, No – 0. The lowest bid of \$2,850 was accepted, with the city handling the haul-off. Funding will be split between different accounts.

Planning and Zoning Commission: An ordinance and a resolution were on the agenda.

Ordinance [2026-03](#) (Golf Carts): : Motion to accept second reading made by Councilman Bolen, 2nd by Councilman Meinking. Yes – 6, No – 0. We move to a third reading next meeting.

Ordinance [2026-04](#) (Zoning Code Amendments): A comprehensive ordinance amending zoning regulations was presented, covering definitions, single-family residences (including short-term rentals), commercial districts, light industry, tourist accommodations, parking, signs, fences, and integrating the short-term rental ordinance. : Motion to accept made by Councilman Webb, 2nd by Councilman Meinking. Yes – 6, No – 0. : Motion to suspend rules made by Councilman Webb, 2nd by Councilman Bolen. Yes – 6, No – 0. Motion was made to read 2nd and 3rd reading of Ordinance 2026-04 by title only by Councilman Webb, 2nd by Councilman Bolen. Yes – 6, No – 0.

Resolution [2026](#) R01 (Board of Zoning Adjustment Nominees): Five nominees were presented for the Board of Zoning Adjustment, with terms ranging from one to three years. A question was raised about a potential conflict of interest for Merle Fawcett, who was also hired as Public Works Director, but it was deemed not to be an issue by the City Attorney Mr. King. Motion to accept made by Councilman Hutchison, 2nd by Councilman Meinking. Yes – 6, No – 0.

Resolution [2026](#) R02 (AI Policy): A resolution adopting an Artificial Intelligence policy for city officials and employees was presented, in compliance with state law. The policy mandates training and establishes disciplinary procedures for violations. A discussion clarified the wording regarding mandatory training versus encouragement. Motion to accept made by Councilman Meinking, 2nd by Councilman Howell. Yes – 6, No – 0.

Resolution [2026](#) R03 (Sign Permit Fees): A resolution was presented to update and clarify fees for annual sign permits, including penalties for late payment and linking business

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licenses to sign permits. Motion to accept made by Councilman Meinking, 2nd by Councilman Webb. Yes – 6, No – 0.

Citizen Comments and Debates:

A significant portion of the meeting involved heated exchanges, particularly regarding the IRS penalties, the anonymous donor, and the transparency of city finances. Councilman Grede expressed strong concerns about a perceived cover-up and questioned how the anonymous donor obtained information.

Gary Heinbach, representing "The Bugle" publication, defended his work and challenged the Mayor's accusations of printing false information, providing a list of storylines for review.

A debate ensued about the political nature of "The Bugle" and the transparency of anonymous donations versus named contributors.

Discussions also touched on the former budget committee chairman and disciplinary actions.

Upcoming Events and Initiatives:

- * Volunteer workdays for park cleanup are scheduled.
- * A welcome packet for new residents is being developed.
- * A seminar on grants is scheduled.
- * A Red Cross blood drive will be held at City Hall.
- * Water, sewer, and trash pickup bills will increase to fund maintenance and depreciation.
- * The city is working to address sewer line infiltration issues, with a reminder that sump pumps should not be connected to the sewer system.
- * Plans for disc golf at Danuser Park are being reviewed.
- * A settlement hearing for a lawsuit involving the city and previous employees is scheduled in Fayetteville.
- * Marion County Sales Tax: Clarification was provided on the proposed sales tax increase, its purpose for a community center, and the sunset clause of a previous tax.
- * Dog Licenses: A reminder was issued about obtaining city dog licenses.

Conclusions:

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Financial Management Concerns: The most significant conclusion is the ongoing concern and lack of clarity surrounding the city's financial management, particularly regarding timely IRS payments and the circumstances of the anonymous donation. This has led to distrust and accusations of a cover-up.

Need for Transparency: The debates highlight a strong public and council demand for transparency in city finances and decision-making processes. The anonymous donation issue is a prime example of where transparency is lacking.

Progress in Infrastructure and Services: Despite financial concerns, the city is making progress in areas like public works improvements, sewer line inspection and repair efforts, and park upgrades.

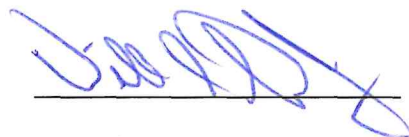
Regulatory Updates: The council is actively updating ordinances and policies to reflect current needs and state mandates, including zoning changes, golf cart usage, AI policy, and sign permit fees.

Community Engagement and Conflict: The meeting demonstrated both community engagement through citizen comments and significant internal conflict and debate among council members and with external parties.

Importance of Clear Communication: The discussions around the AI policy and the IRS penalties underscore the critical need for clear, accurate, and timely communication from city officials to the council and the public.

Ongoing Legal Matters: The upcoming settlement hearing indicates that the city is still dealing with past legal issues.

Approved:



Mayor Bill Stahlman



Recorder Paula Reynolds

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24:26 Councilman Howell:

All right, I would like to circle back to our IRS penalties.

24:36 Recorder Reynolds, I'd like to ask that what I'm about to say be entered into the minutes verbatim.

24:43 On this agenda, you're told that we already have paid overdue payments from the city for

24:49 the second and third quarters of this year, totaling \$4,323.78 in penalties.

24:59 Now, while I applaud the citizen who stepped up to pay this, they should never have had to have.

25:07 Okay?

25:08 First and foremost, we pay somebody \$32,000 a year to handle this.

25:13 So, there's a little bit more to the story that this agenda doesn't tell you.

25:18 Okay?

25:18 So, we only didn't miss the second and third payments.

25:22 We also missed the first and the fourth, and all that is corroborated in the packet at

25:27 the back of the room that I left for all of you.

25:30 So, for instance, on our first quarter, we were five and a half months late.

25:34 It was due on 4-30-25 and wasn't paid until 10-15.

25:40 The second quarter, which was due 7-31, wasn't paid until December 22nd.

25:46 The third quarter, when it was due on 10-15, wasn't paid until December 22nd.

25:48 The fourth quarter, which was due on 10-31, also wasn't paid until December 22nd.

25:52 And our fourth quarter, which was due on 1-31 of this year, wasn't paid until 2-9.

25:59 That's nine days after it was due.

26:02 So, we missed every single payment on time this year for 20-25.

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26:07 So, I kind of have a few questions about the citizen that paid this because it appears to

26:18 me they had knowledge of the discrepancies of our financial situation before the council

26:24 did.

26:25 And I say this because on Sunday evening, I received a phone call about the situation.

26:30 So, one person...

26:31 Mayor Stahlman: When was it? What day did you get there?

26:33 Councilman Howell: Sunday evening.

26:35 Mayor Stahlman: Sunday evening. Okay, thank God.

26:35 Councilman Howell: Sunday evening, okay.

26:36 And I would also appreciate it if you'd let me get through what I have to say before interrupt it.

26:37 Speaker 3

I also appreciate.

26:44 I received a phone call Sunday evening that there was possibly an issue with our tax payments.

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26:50 I sent an email to Mayor Stahlman and Treasurer Reynolds Monday morning at 7 o'clock.

26:56 I received no response.

27:00 Tuesday morning, I sent a second email with a little bit more curt language in it, reminding our treasurer that when an elected official with fiduciary responsibility asks for financial statements, they should be given upon request.

27:14 Without having to ask for a second time.

27:16 Now, finally, Mayor Stahlman was nice enough to get back to me, and he told me at 8 o'clock on Tuesday morning that someone had already paid these.

27:30 So, how did this anonymous citizen know about this prior to our council vote?

27:38 How does that make sense?

27:41 So, let me explain it to you.

27:42 How did a private citizen...

27:44 How did a private citizen find out about our financial records for the council?

27:49 They just collectively, they woke up in bed and said, oh, we must have missed our IRS payments.

27:55 It's a hundred and a drop.

27:55 I better go drop off...

27:56 thousand dollar check

27:59 Mayor Stahlman: Do you want me to respond?

28:00 You want me to respond now? I don't want to interrupt you.

28:03 Councilman Howell: Well, you know what? You can respond if you don't want to. That's fine.

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28:06 If you want to go that route, that's okay too.

28:11 When we put it to you guys like this, if we hired a CPA to do our taxes, and we find out they didn't pay them, and we paid them \$32,000 to do this, what do we do when we find out they didn't pay our bills?

28:23 Speaker 3

Thank you.

28:24 Councilman Howell: That's what I would do if I owned a business and that happened to me.

28:29 So, let's see, we had to get a pay prior.

28:33 Another red flag is that we overpay.

28:37 How are we overpaying when all of our software data should tell us exactly what we're paying?

28:43 So, what it seems to me is that someone was trying to cover the situation instead of trying to let us know what was going on with our city finances.

28:55 And I have a really big issue with that.

29:00 And I imagine probably the people that elected us to keep an eye on your taxpayer funds do as well.

29:07 So, if you would like to answer my questions, I'm open to a floor now.

29:14 Mayor Stahlman: You don't.

29:14 Councilman Howell: Okay.

29:19 Mayor Stahlman: For one, you received disinformation on Sundays that...

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29:23 Councilman Howell: I received a phone call on Sunday.

29:25 I was sent these supporting documents over the course of Monday and Tuesday.

29:29 M

My question to you, is how did that person have this information that we did not pay second and third, or we had penalties on second and third quarter?

29:41 Mayor Stahlman: Now, let me finish my time.

29:43 Okay, and Tuesday afternoon is when the city got in the mail from the IRS the penalties.

29:55 How did these people know what the penalties were before the city received them?

30:03 Councilman Howell: Well, Mr. Stallman, that's a really good question.

30:04 That's a really good question.

30:06 I'm happy to answer.

30:06 I'm happy to answer that for you because right here at 8.08 on Tuesday morning,

30:09 You need to wait.

30:10 on Tuesday morning.

30:12 at 8.08 in the morning, not in the afternoon, you emailed me the penalties.

30:18 That's how I was able to tell Joey Grede that,

30:20 because you told me what the penalties were at 8.08.

30:23 So did we get the letter in the afternoon, or did you already know on Monday?

30:27 I don't know.

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30:27 Mayor Stahlman They opened up the mail, what was it, Tuesday morning, afternoon.

30:29 Councilman Howell: It was a Tuesday morning, afternoon.

30:31 Okay, so then what's my question?

30:33 Mayor Stahlman: I sent you an email, I believe, was we were going to be looking into it.

30:39 Councilman Howell: At 8.08 in the morning, in the last, I have 40 copies that I'm happy to pass.

30:44 Mayor Stahlman: I don't have a problem, you know.

30:44 Councilman Howell: No problem.

30:46 It doesn't matter.

30:46 Mayor Stahlman: It doesn't matter.

30:47 Councilman Howell: No, it does matter.

30:47 Mayor Stahlman: It does matter.

30:48 Councilman Howell: No, it doesn't.

30:48 Mayor Stahlman: No, it doesn't.

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30:48 It's a taxpayer money.

30:49 Councilman Howell: It's the taxpayer money.

30:49 Mayor Stahlman: They were paid.

30:50 Councilman Howell: They work.

30:51 Mayor Stahlman: Taxpayer money!

30:52 Councilman Howell: It would have been if something you didn't know

30:53 Mayor Stahlman: Someone paid on it.

30:54 Councilman Howell: Someone paid on it!

30:57 You're trying to cover up a huge lie where the taxpayers were on the hook.

31:02 If you guys hadn't found a citizen to pay the five grand, all these people would have been on the hook for \$5,000.

31:02 That's all.

31:11 Mayor Stahlman

You're right.

31:12 Councilman Howell: Yeah, I know, so don't sit here and tell me you didn't tell me the penalties at 8 o'clock in the morning.

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31:15 Mayor Stahlman: How are you?

31:17 Councilman Howell: The per-

31:17 The person, Tracie Pape, whose letter is in this packet, had no idea about the penalties until you told me about them.

31:26 Mayor Stahlman: No, you told me...

31:27 Councilman Howell: No, sir. I did not. I asked. I can pull up the email. I kept the receipts, Bill. I asked Paula if there were any penalties and how they would be projected in the line items. By the way, I still have yet to receive any sort of correspondence on this from you.

31:28 Mayor Stahlman: No, sir!

31:30 You

31:39 Councilman Howell: the way I saw them yet.

31:45 I'm talking to the treasurer who has an obligation to respond to council members with the information requested.

31:57 Does everybody else think here that this is an issue?

32:00 Speaker 3: I don't know if the private citizen found out before.

32:04 Councilman Howell: Yeah, that's my biggest question.

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32:05 How did a private citizen from Monday evening to 8.08 in the morning find out we had no?

32:11 Speaker 3: And then the check showed up.

32:12 Councilman Howell: Thank you. We don't need any more comments from the crowd.

32:17 Speaker 3: Thank you.

32:20 Mayor Stahlman: Any other comments from other comments?

32:24 Councilman Howell: All right, folks, what you're witnessing is a cover-up right now, okay?

32:31 Mayor Stahlman: What answer, the taxes, the penalties were paid by someone, okay?

32:36 Councilman Howell: You guys tried to skirt around it without letting this council know first.

32:41 Mayor Stahlman: No, but we didn't.

32:42 Councilman Howell: Okay, so then explain to me how someone woke up in their bed and knew that the city had IRS deficits.

32:50 Explain it to me.

32:50 And here's my next question.

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32:52 Where are we at on our city payment or on our state payments?

32:54 Were those late too?

32:56 Have we received any penalties for those?

32:58 Treasurer Reynolds: No.

32:58 Councilman Howell: You're sure? Because when I go through and dig through this stuff, this will be on record.

33:07 I'm good. Y'all, there's packets in the back. Y'all take it home and read it.

33:11 Because apparently we're not going to get any real answers on this situation.

33:14 I'm good.

33:16 Councilman Meinking: I just have a general observation maybe there is some way that you can get

33:21 online and find out whether the city has paid their withholding taxes on their

33:27 employees is that what we're talking about

33:29 Mayor Stahlman: Well, someone knew before Sunday.

33:29 Councilman Meinking: I don't know.

33:32 Mayor Stahlman: Someone knew Sunday.

33:34 Councilman Howell: Yeah, because there's FOIA documents that show all the lateness.

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33:39 Like, I don't understand.

33:40 It's not a big – it's not a question of how a citizen figured this out.

33:45 All the information was FOIAed.

33:47 I have the – where did I even put them?

33:48 I have the documents right here, the actual returns.

33:52 It doesn't take a brain scientist to know that when we don't pay our taxes on time four times in a row, we're going to be hit with penalties.

34:00 I mean, anyone that's owned a business knows this.

34:08 So, no, there isn't some –

34:10 magical person that found out all this information

34:13 The citizen, doing their due diligence, FOIAed it, got the information, brought it to a councilman who then had to dig for it, didn't get an answer until Tuesday, got a lame answer.

34:19 Go ahead.

34:24 Layman's?

34:26 That telling me that someone just finally came in and now I'm hearing we didn't get the letter until Tuesday afternoon.

34:31 So which is it?

34:32 Did we know Monday or did we know Tuesday?

34:36 But, you know, I'm good.

34:38 We don't have to go any further.

34:39 Everyone out here can make their own judgment and pick up the packet on their way out.

34:42 I can email it to you if you'd like.