



Mayor – Sandy Sanders

City Administrator – Ray Gosack

City Clerk – Sherri Gard

**Board of Directors**

Ward 1 – Keith D. Lau

Ward 2 – Andre' Good

Ward 3 – Mike Lorenz

Ward 4 – George Catsavis

At Large Position 5 – Pam Weber

At Large Position 6 – Kevin Settle

At Large Position 7 – Philip H. Merry Jr.

**AGENDA**  
**Fort Smith Board of Directors**  
**STUDY SESSION**  
**September 23, 2014 ~ 12:00 Noon**  
**Fort Smith Public Library Community Room**  
**3201 Rogers Avenue**

**CALL TO ORDER**

1. Present proposed five-year CIP for streets, bridges and drainage
2. Review establishment of a PACE Energy Improvement District ~ *Requested at the August 12, 2014 study session ~*
3. Update on Year 2015 Budget
4. Review preliminary agenda for the October 7, 2014 regular meeting

**ADJOURN**

**MEMORANDUM**

**To:** Ray Gosack, City Administrator

**From:** Stan Snodgrass, P.E., Director of Engineering

**Subject:** Five Year Capital Improvement Program (2015-2019)  
Streets, Bridges and Drainage Sales Tax Funds

**Date:** September 19, 2014

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Attached is a summary of the 5-Year Capital Improvement Program for the street, bridge and drainage sales tax funds. This is transmitted for review and discussion with the Board of Directors at next week's study session prior to submittal to the Board for approval. The funding for this program is provided by the one-cent sales tax. Federal and state grants along with private cost sharing participation are anticipated to assist in the overall program. Determination of projects is based on numerous factors including citizen input, interdepartmental requests, pavement rating of streets, and input from the Board of Directors.

The proposed program includes a combination of neighborhood street improvements, major street projects, local and basin wide drainage improvements, and traffic signal improvements. The program totals \$38.1 million for the year 2015 and \$136 million for the five year period from 2015 to 2019. The five year plan supports the Board's goals of neighborhood vitality, riverfront development, creation of jobs, and beautification.

The attached spreadsheet outlines the anticipated revenues and expenditures for the various projects. A narrative description of projects and exhibits for some of the projects shown on the spreadsheet are also included.

Enclosure

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The City of Fort Smith Arkansas  
Engineering Department  
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CITY OF FORT SMITH

9/18/14

Five-Year Capital Improvement Program for Streets, Bridges and Drainage (2015-2019)

	2014	2015	2016	2017	2018	2019
<b>Beginning Balance</b>	22,222,477	24,939,731	12,021,846	6,023,602	3,607,697	2,849,908
Current Year Revenues						
Sales Tax	19,744,052	19,941,493	20,190,761	20,594,576	21,006,468	21,426,597
Grants/Other Participation	248,341	5,190,641	3,050,000	0	0	0
Interest	82,000	79,229	37,395	24,018	16,104	7,502
Total - Current Year Revenues	20,074,393	25,211,363	23,278,156	20,618,595	21,022,572	21,434,099
<b>Total Funds Available</b>	<b>42,296,870</b>	<b>50,151,094</b>	<b>35,300,002</b>	<b>26,642,197</b>	<b>24,630,269</b>	<b>24,284,008</b>
1 Street Overlays & Reconstruction	5,051,513	11,265,534	6,000,000	6,000,000	6,000,000	5,800,000
2 Neighborhood Drainage Improvements	3,586,473	7,082,595	3,330,000	1,000,000	1,000,000	1,000,000
3 Town Branch / Carnall Drainage	214,331	2,300,000	0	0	0	200,000
4 May Branch Outfall Culvert Replacement	1,523,285	0	0	0	0	0
5 North B Truck Route	35,877	760,000	1,000,000	0	0	0
6 Intersection and Signal Improvements	271,729	945,000	300,000	300,000	300,000	300,000
7 Spradling Extension at Riverfront Drive	5,000	1,700,000	0	0	0	0
8 Kelley Highway Extension to Riverfront Drive	0	490,000	500,000	500,000	4,000,000	3,000,000
9 Jenny Lind Road - Zero to Cavanaugh	1,132,877	3,533,119	8,000,000	9,025,000	0	0
10 Geren Road Reconstruction	79,919	1,000,000	5,000,000	0	0	0
11 Zero Street (Hwy 255)	0	0	0	800,000	0	4,000,000
12 May Branch Drainage Project	0	300,000	800,000	1,000,000	6,000,000	5,000,000
13 Railroad Crossing Panels	24,600	180,000	150,000	150,000	150,000	150,000
14 Levee Certification & Repair	1,382,736	0	6,000	0	0	0
15 Streetscape - Towson Avenue	635,000	0	0	0	0	0
16 Overlays/Drainage by Street Department	190,000	200,000	200,000	200,000	200,000	200,000
17 Aerial Mapping	182,989	0	0	0	0	0
18 Traffic Studies	9,500	25,000	25,000	25,000	25,000	25,000
19 Evaluation of Priorities from Board Retreat	29,200	25,000	0	0	0	0
20 FCRA Development	202,168	4,325,000	1,000,000	1,000,000	1,000,000	1,000,000
21 FSHA - Street & Drainage	0	1,100,000	0	0	0	0
22 Hwy 45 widening south of Zero	0	0	0	0	0	200,000
23 Engineering Dept. and Other Depts.	2,632,200	2,698,000	2,765,400	2,834,500	2,905,360	3,050,620
24 Contingency	167,742	200,000	200,000	200,000	200,000	200,000
<b>TOTAL</b>	<b>17,357,139</b>	<b>38,129,248</b>	<b>29,276,400</b>	<b>23,034,500</b>	<b>21,780,360</b>	<b>24,125,620</b>
<b>Ending Balance</b>	<b>24,939,731</b>	<b>12,021,846</b>	<b>6,023,602</b>	<b>3,607,697</b>	<b>2,849,908</b>	<b>158,388</b>

Grants/Other Participation

Jenny Lind Road - Zero to Cavanaugh	39,249	3,200,000	3,050,000	0	0	0
Streetscape - Towson	79,359	190,641	0	0	0	0
FCRA	129,733	1,800,000	0	0	0	0
<b>TOTAL</b>	<b>248,341</b>	<b>5,190,641</b>	<b>3,050,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Five Year Capital Improvement Program (2015-2019)  
Streets, Bridges and Drainage Sales Tax Funds**

**Descriptions of Selected Projects  
September 17, 2014**

- 1. Street Overlays and Reconstruction.** The proposed 2015 projects are shown on the attached list and exhibits. The total length of streets to be improved is approximately 7.6 miles. The estimated cost for the 2015 street overlays and reconstruction projects is \$6.2 million. The total cost shown in 2015 is \$11.3 million which includes \$5.1 million in remaining construction for the 2014 projects. (See pages 5-8)
- 2. Neighborhood Drainage Improvements.** The projects identified in the 2015 drainage program include neighborhood drainage improvements in the areas shown on the attached list and exhibits. The total estimated cost for this work is \$1.3 million and includes two different locations. These projects are associated with structure flooding. The total cost shown for the neighborhood drainage projects in 2015 is \$7.1 million which includes \$5.8 million of remaining work for ongoing drainage projects. (See pages 9-10)
- 3. Town Branch - Carnall Drainage.** This project is to reduce the frequency of flooding that occurs in the downtown area and areas just north of downtown. The Town Branch area is a subbasin to the May Branch watershed. The \$2.3 million for 2015 is for improving the upstream outfall beginning at the South G Street/Towson intersection and extending to the west. This outfall is restricted which is contributing to the flooding in the downstream areas. Construction plans are complete, an AHTD permit has been obtained and right of way acquisition is ongoing. Future additional improvements for this area are contingent upon completion of the lower reach of the May Branch drainage project as noted in item #12. (See page 11)
- 4. May Branch Outfall Culvert Replacement.** The project includes the replacement of approximately 1300 feet of the 12 foot diameter May Branch outfall culvert. This culvert serves as the outlet for the May Branch drainage basin. Construction will be finalized this year. (See page 12)
- 5. North B Street Truck Route.** This project is the modification of North B Street from 5<sup>th</sup> Street west to Riverfront Drive to accommodate two way truck traffic. This is in lieu of the current one way split that exists along this section of North A and B Streets. The project is based on the concept of closing a section of North A Street and Belle Point Place to add more green space. The project includes necessary radius improvements at North 5<sup>th</sup> and B Streets, upgrading of the railroad crossings on North B Street and reconstruction/resurfacing of the remaining sections of North A Street which are being removed from the truck route. This project is

currently on hold pending a study in 2015 of the riverfront area to ensure that adequate access for various modes of transportation (vehicular, trucks, pedestrian and bicycles) are accommodated. (See page 13)

**6. Intersection and Signal Improvements.** This project includes replacement of the traffic signals at the following three intersections along Midland Boulevard: Spradling Avenue, North “S” Street & Division Street. (See page 14)

**7. Spradling Avenue Extension at Riverfront Drive.** This project includes the new construction of Spradling Avenue eastward from Riverfront Drive approximately 1700 feet. This street will serve the proposed sports fields on the City’s 51 acre tract. Plans are complete and the street construction is being scheduled to coincide with the construction of the sports fields which are planned for completion in late 2015. (See page 15)

**8. Kelley Highway Extension to Riverfront Drive.** This project is for the reconstruction and widening of Kelley Highway from Midland Boulevard to Riverfront Drive. In 2014, an impact study was completed which analyzed the extension of Spradling Avenue to serve the riverfront area versus other alternate routes. The impact study determined that Kelley Highway provides a more direct east-west corridor from I-540 to the riverfront than utilizing Spradling Avenue. The Kelley Highway extension has less neighborhood property and traffic impacts and requires less street improvements than extending Spradling Avenue. (See page 15)

**9. Jenny Lind Road - Zero to Cavanaugh Road.** This project includes improvements to Jenny Lind Road between Zero and Cavanaugh Road. It also includes improvements to Ingersoll Avenue from U.S. Hwy 271 to Jenny Lind and the extension of Ingersoll Avenue from Jenny Lind to U.S. Highway 71B. The right of way has been secured and final plans are being submitted to the AHTD in October. The demolition contract to remove the structures that were acquired is complete and work for relocation of the franchise utilities is underway. The roadway construction is scheduled to advertise for construction late this year or shortly after the first of next year. Federal funding in the amount of \$7.2 million will benefit this project. (See page 16)

**10. Geren Road Reconstruction.** This project is for the reconstruction and widening of Geren Road between Highway 45 and 58<sup>th</sup> Street. This section of Geren Road was included as a street resurfacing project in the 2014 capital improvement program. However during the development of the resurfacing plans and considering numerous factors (major utility impacts/relocation; storm drainage installation; access and increased vehicular, pedestrian and bike traffic to Ben Geren Park/new water park; inconvenience to the adjoining neighborhoods; etc.), we determined that it would be best to proceed with the widening and reconstruction of Geren Road at this time. (See page 17)

**11. Zero Street (Hwy 255) Improvements.** This project is the widening and realignment of Zero Street (Hwy 255) from just west of Massard Road to its new alignment on existing Frontier Road. The project is proposed to be cost shared with the AHTD, City of Barling, FCRA and City of Fort Smith. (See page 18)

**12. May Branch Drainage Project.** This project is to reduce flooding along May Branch from the Arkansas River to Park Avenue. It consists of constructing a drainage channel to replace the existing deteriorated and hydraulically inadequate concrete pipe. The project is currently being designed by the Corps of Engineers. The City continues to lobby for federal funding to assist with the project as the total cost is in excess of \$30 million. The most downstream section of the project (from approximately N. 7<sup>th</sup> Street to the river) is being funded entirely with City funds with an agreement that the City's cost would be credited towards the future cost sharing on the project when federal funds become available. We anticipate the design by the Corps of Engineers to be completed in 2015 and acquisition of right of way will follow beginning late next year. The anticipated construction will follow the preparation of final plans, right of way acquisition and utility relocations. Construction of the downstream section will reduce flooding for both the lower May Branch area and the lower Town Branch sub basin. (See page 11)

**13. Railroad Crossing Panels.** This project improves street crossings at railroads through the installation of concrete railroad crossing panels. For 2015, four railroad crossings are proposed which are located on North 27<sup>th</sup> Street between Kelley Highway and North 6<sup>th</sup> Street. (See page 19)

**14. Levee Certification and Repair.** This project includes items associated with flood protection and the levee certification in accordance with federal design criteria. The 2014 work includes repairs to the P & J Street pump stations and construction of a flood closure device at North P Street. (See page 20)

**15. Streetscape – Towson Avenue.** This project includes streetscaping along Towson Avenue from Garrison Avenue to South "A" Street and replacement of the traffic signal at Rogers Avenue and Towson Avenue. A federal grant in the amount of \$270,000 is benefiting this project. A temporary stop work order has been placed on the contract as the remaining work area is currently restricted due to the renovation of the building at the southeast corner of Towson and Garrison Avenue. The remaining one block of streetscape work will be finalized once access to the sidewalk is available. (See page 21)

**19. Evaluation of Priorities from Board Retreat.** This item includes evaluation of the priorities from the Board of Directors retreat. The following items are being evaluated during the year noted. The estimated cost is shown for each item.

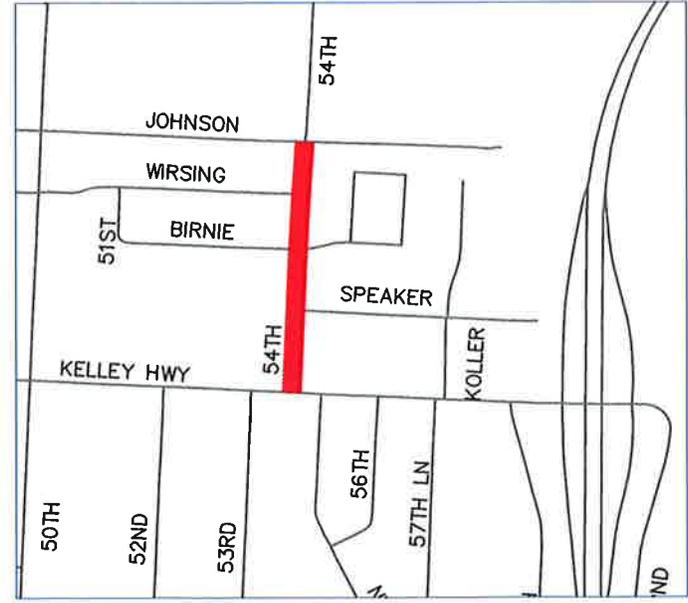
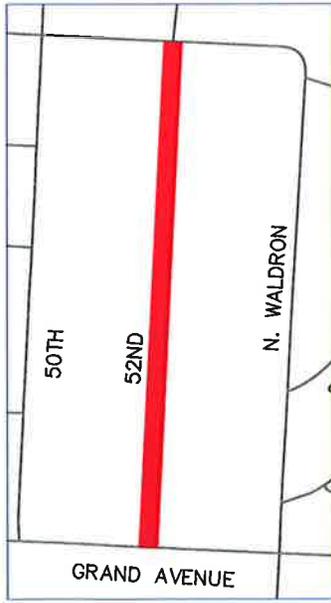
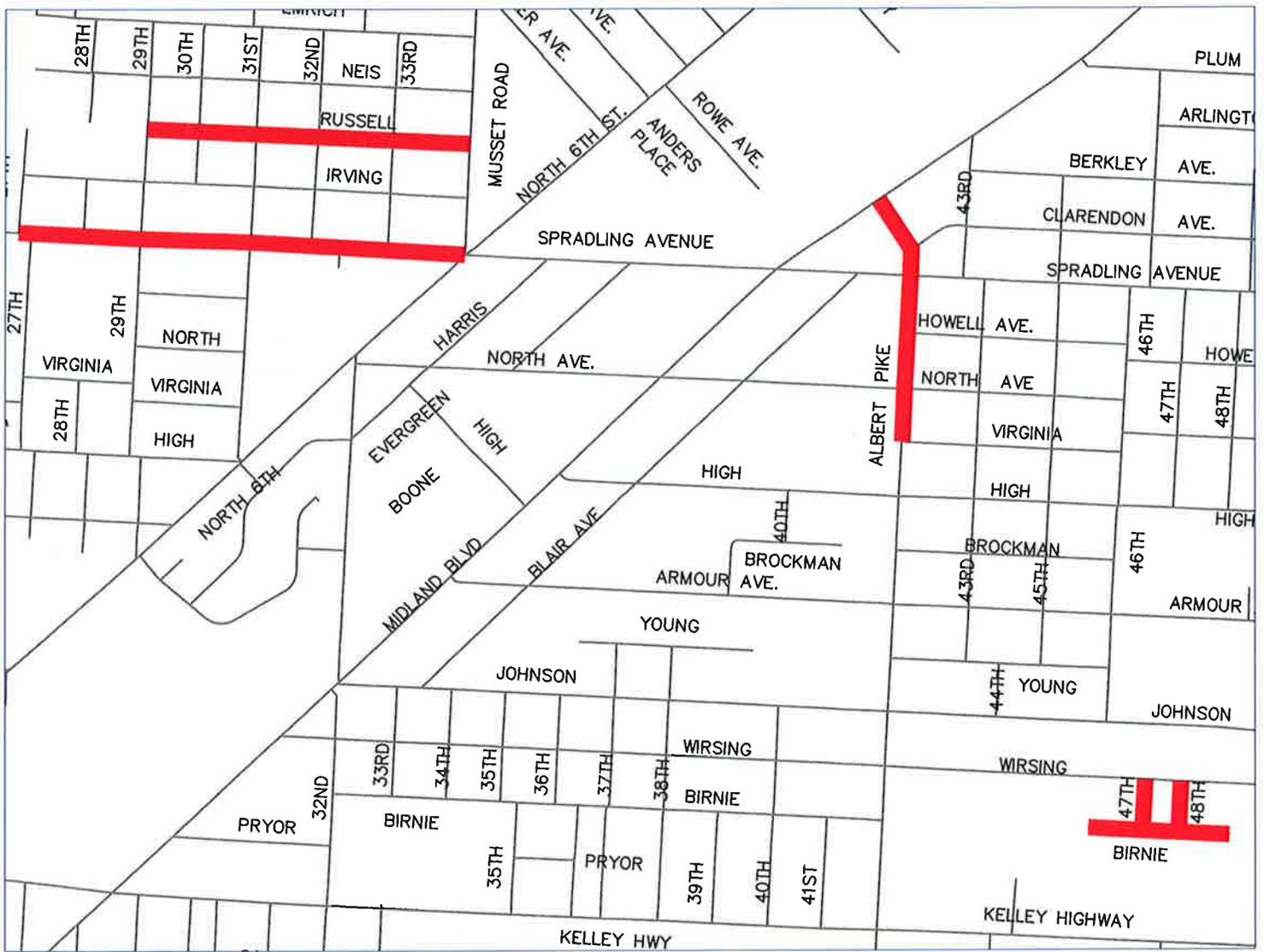
- (2014) - Extension of Spradling Avenue westward to Riverfront Dr. (\$13,000)
- (2014) - Incorporate Bike Lanes into Transportation Planning (\$16,200)
- (2015) - Roadway Enhancements for Riverfront Dr. (\$10,000)
- (2015) - Parkway Trees (\$15,000)

**20. FCRA Development.** This item includes the construction of two streets to serve the new ArcBest corporate headquarters. One street is the extension of McClure Drive to Wells Lake Road. The other street is further north of McClure Drive and extends west from Wells Lake Road. These streets are being cost shared equally with the Fort Chaffee Redevelopment Authority. This item also includes work on Veterans Avenue in association with the Arkansas College of Osteopathic Medicine (ACOM). The work includes the reconstruction of approximately 750 feet of Veterans Avenue at the northern end of the ACOM and the overlay/cul-de-sac installation on Veterans Avenue south of the ACOM extending to Roberts Boulevard. (See pages 22-23)

**21. FSHA – Street and Drainage.** This item includes assistance for the street and drainage construction associated with two Fort Smith Housing Authority residential developments. One project is located at the old Bailey Hill Reservoir site and the other is southwest of the current Northpointe housing development.

**2015 CAPITAL IMPROVEMENTS PROGRAM  
STREET OVERLAYS/RECONSTRUCTION**

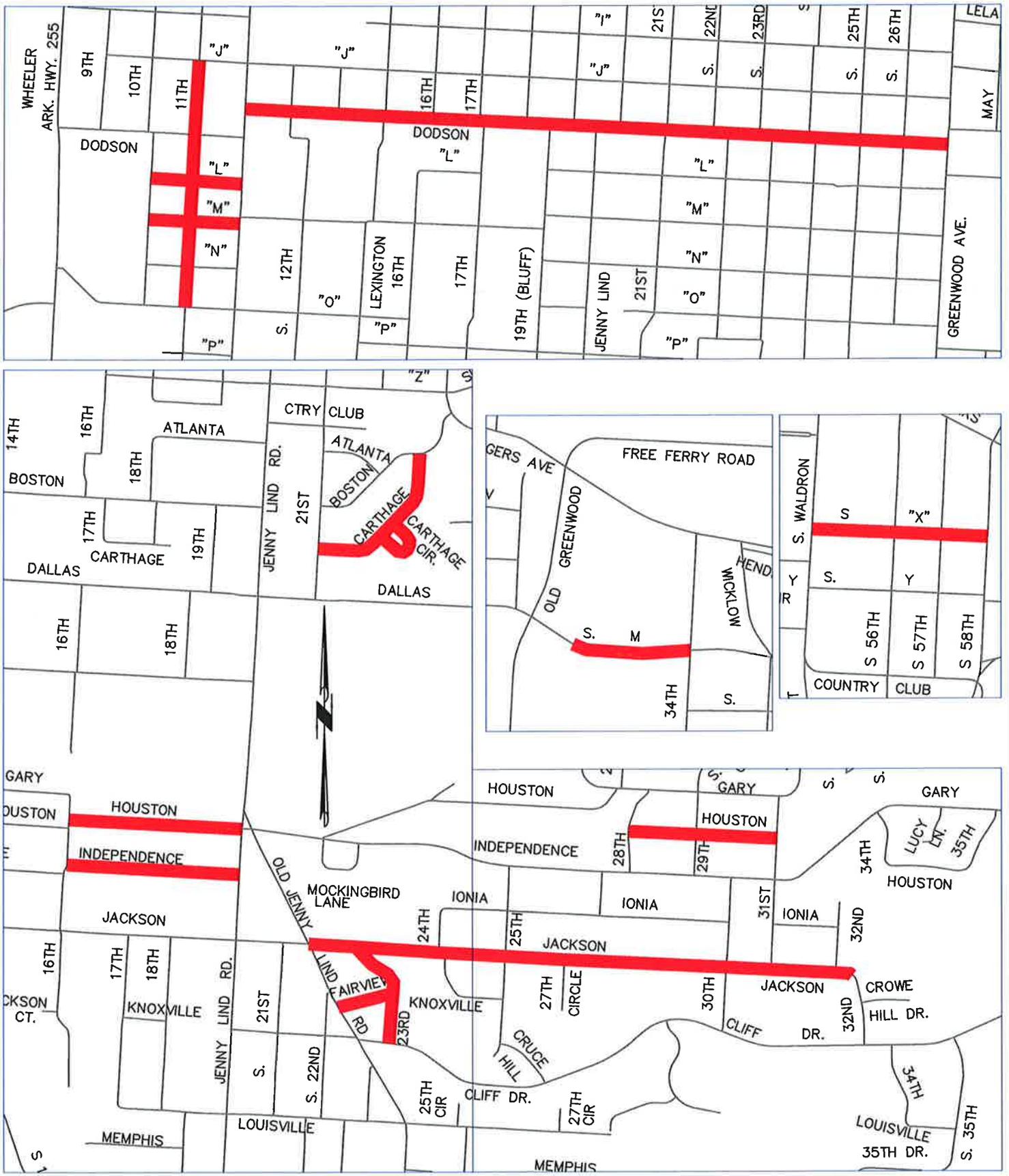
STREET	FROM	TO	LENGTH	COST
74TH ST.	ROGERS AVE.	EUPER LN.	3668	\$556,081.56
LEIGH AVE.	PHOENIX AVE.	AIRPORT BLVD.	1235	\$161,922.22
BIRNIE AVE.	END OF ROAD	END OF ROAD	849	\$100,182.00
47TH ST.	BIRNIE AVE.	WIRSING AVE.	311	\$36,698.00
48TH ST.	BIRNIE AVE.	WIRSING AVE.	310	\$36,580.00
SOUTH X ST.	54TH ST.	58TH ST.	1324	\$156,232.00
CARTHAGE ST.	21ST ST.	BOSTON ST.	1245	\$220,365.00
CARTHAGE CR.	CARTHAGE ST.	CARTHAGE ST.	401	\$55,204.33
DODSON AVE.	TOWSON AVE.	GREENWOOD AVE	5277	\$1,053,595.78
SOUTH L ST.	10TH ST.	TOWSON AVE.	681	\$96,150.33
SOUTH M ST.	10TH ST.	TOWSON AVE.	607	\$91,522.11
11TH ST.	SOUTH O ST.	SOUTH J ST.	1893	\$269,289.11
FORT CHAFFEE BLVD.	TAYLOR AVE.	CITY LIMITS	2025	\$438,075.00
ALBERT PIKE AVE.	VIRGINIA AVE.	MIDLAND BLVD.	1542	\$242,608.00
SPRADLING AVE.	27TH ST.	MUSSETT RD.	2669	\$349,935.56
RUSSELL ST.	29TH ST.	MUSSETT RD.	1927	\$227,386.00
52ND ST.	GRAND AVE.	NORTH O ST.	2663	\$471,351.00
DIVISION ST.	10TH ST.	MIDLAND BLVD.	358	\$79,794.22
HOUSTON ST.	16TH ST.	JENNY LIND RD.	1295	\$178,278.33
INDEPENDENCE ST.	16TH ST.	JENNY LIND RD.	1292	\$177,865.33
SOUTH M ST.	34TH ST.	PARKS DEPT. DRIVE	785	\$102,922.22
JACKSON ST.	OLD JENNY LIND RD.	33RD ST.	4063	\$582,946.22
FAIRVIEW DR.	OLD JENNY LIND RD.	JACKSON ST.	924	\$139,318.67
23RD ST.	CLIFF DR.	FAIRVIEW DR.	378	\$39,648.00
HOUSTON ST.	28TH ST.	31ST ST.	1118	\$146,582.22
54TH ST.	KELLEY HWY.	JOHNSON ST.	1318	\$155,524.00
<b>TOTAL FOR 2015 STREET OVERLAYS/RECONSTRUCTION PROGRAM</b>				\$6,166,057.22
<b>BALANCE OF 2014 PROJECTS CURRENTLY UNDERCONSTRUCTION</b>				\$5,099,477.00
<b>TOTAL</b>				<b>\$11,265,534.22</b>



**2015 CAPITAL IMPROVEMENTS PROGRAM**  
**STREET OVERLAYS/RECONSTRUCTION**



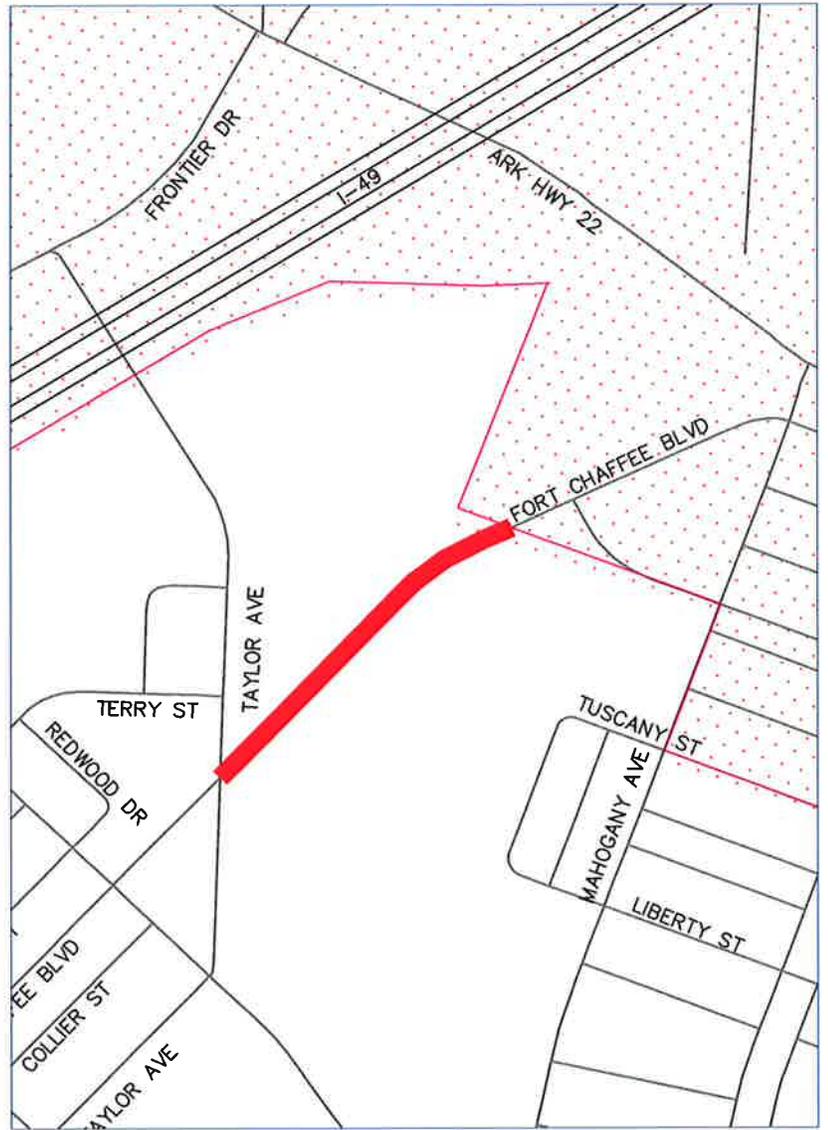
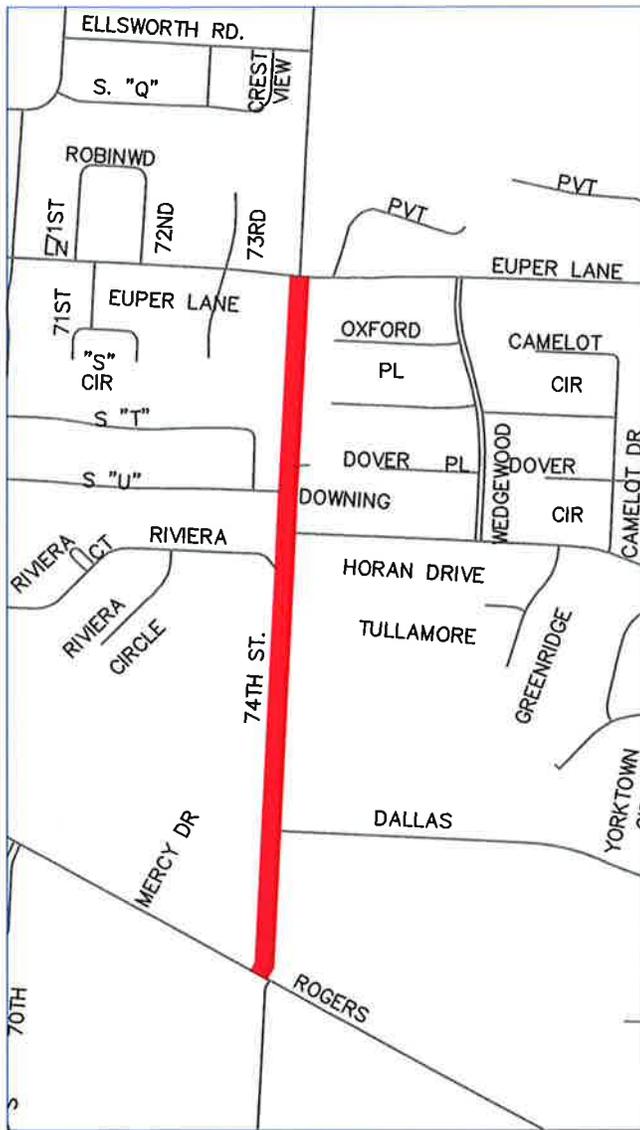
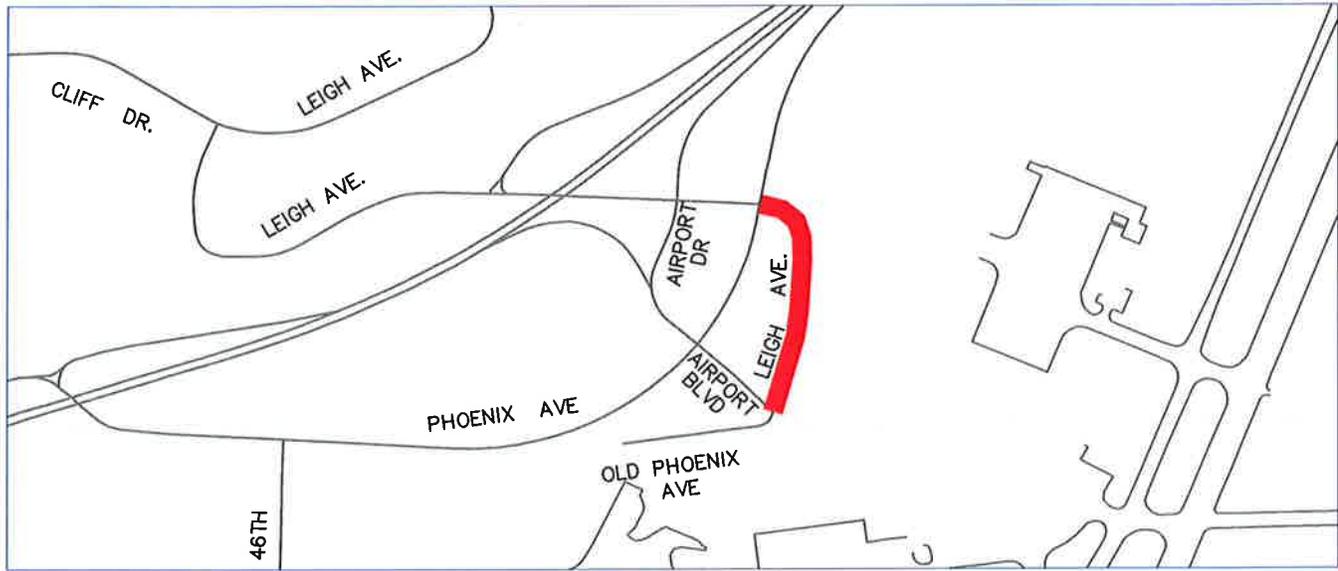
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2015 CAPITAL IMPROVEMENTS PROGRAM  
STREET OVERLAYS/RECONSTRUCTION



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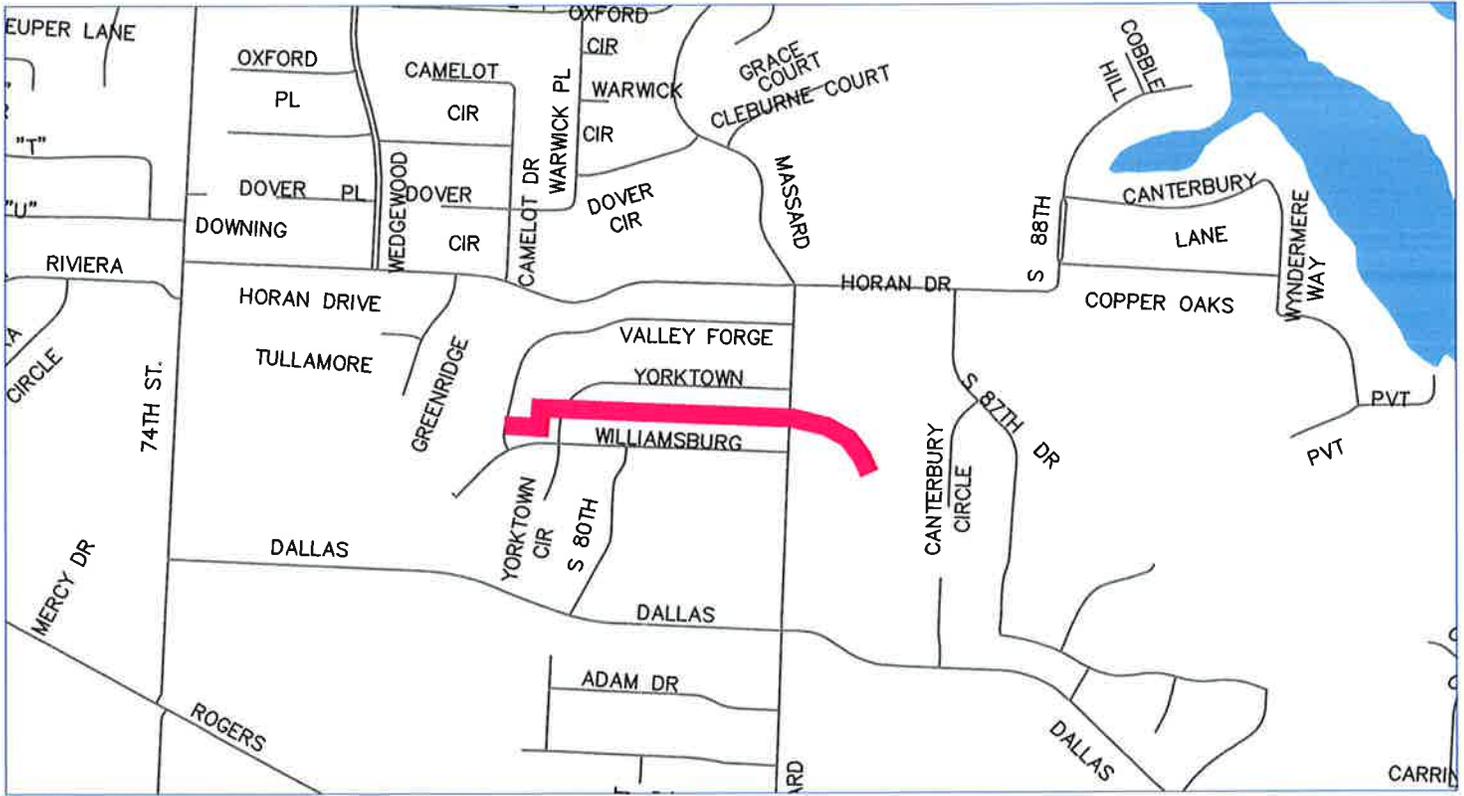
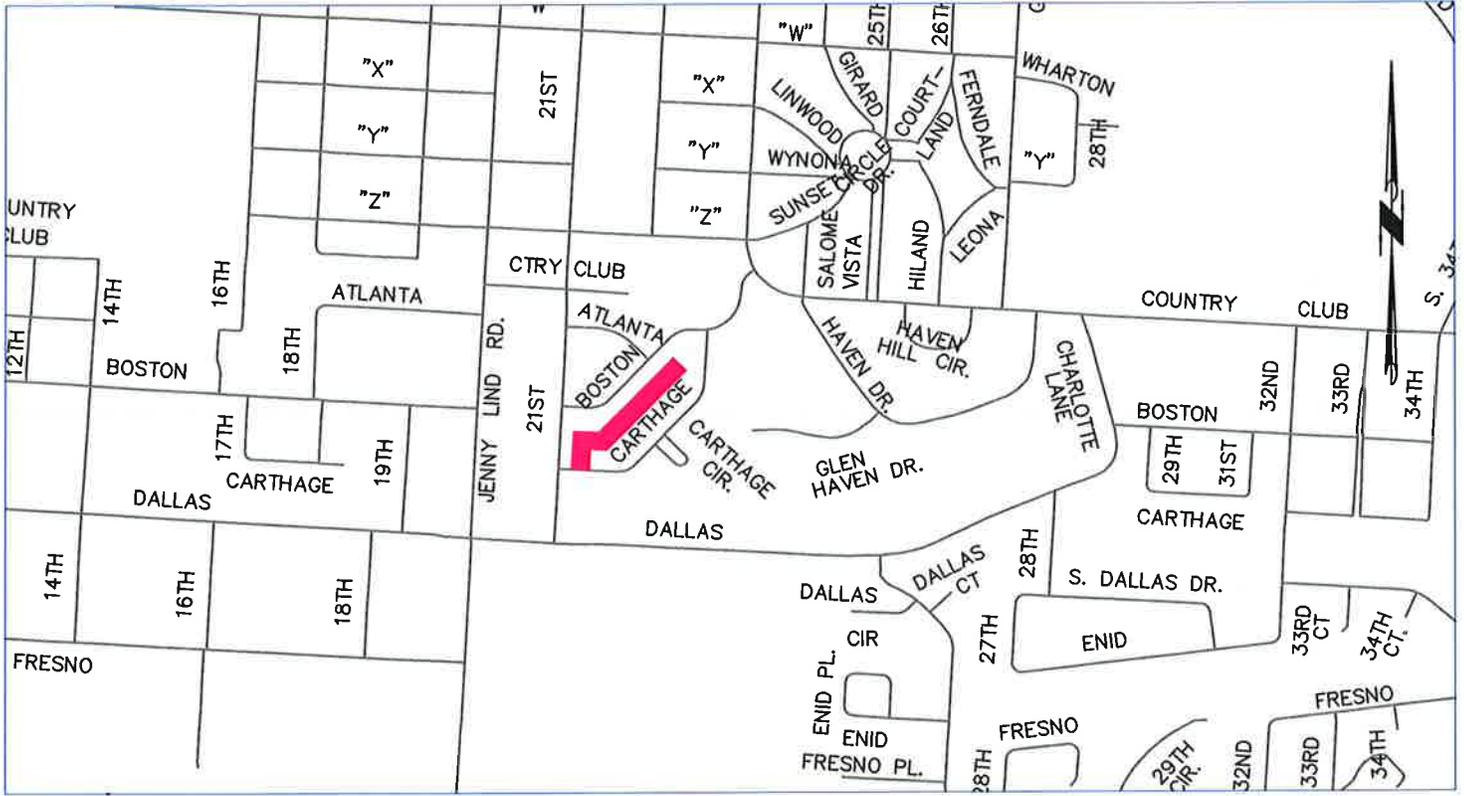
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STREET OVERLAYS/RECONSTRUCTION



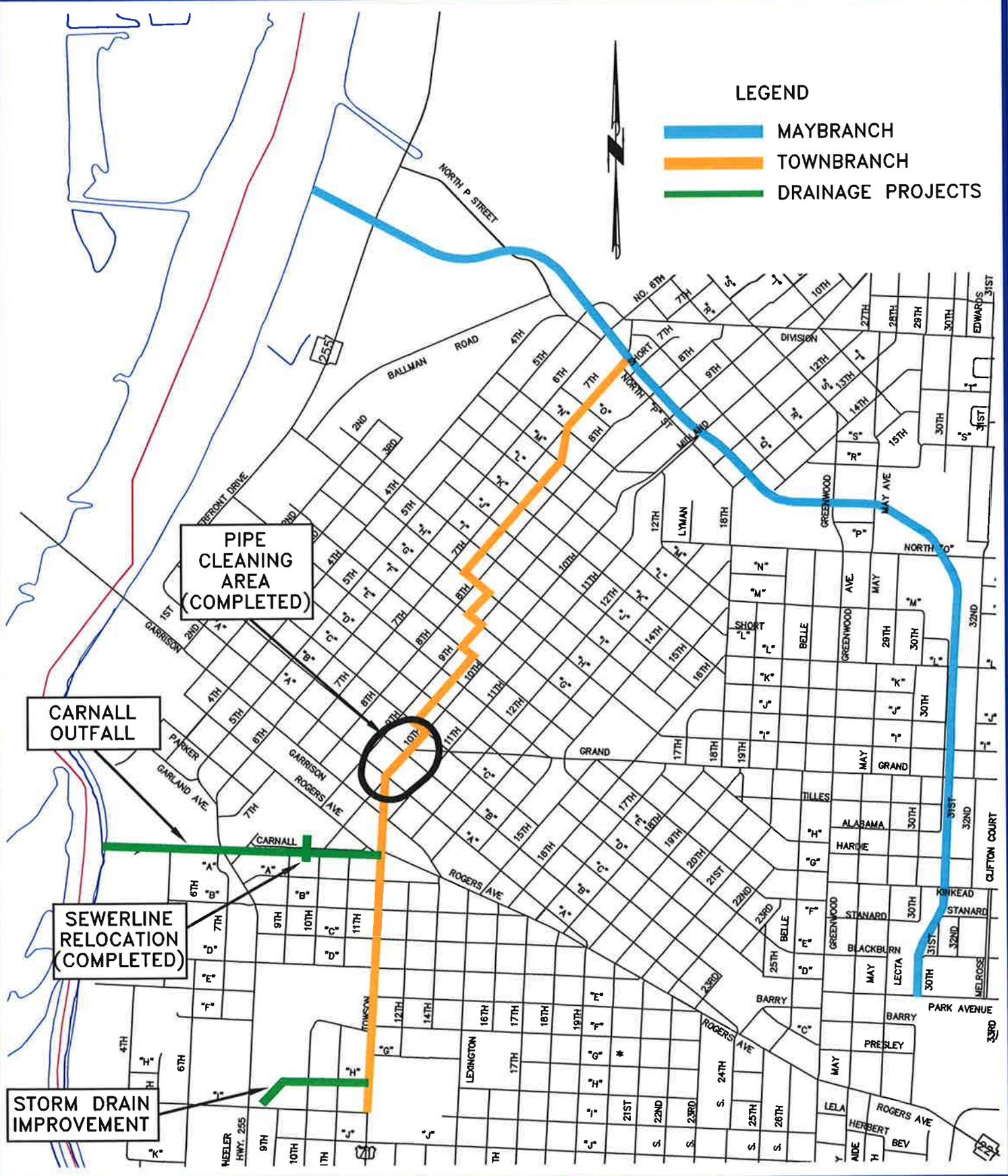
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## 2015 Neighborhood Drainage Projects

<b>Project</b>		<b>Estimated Cost</b>
<b>Wycklow Addition Drainage Channel Improvements</b>	\$	<b>800,000</b>
<p>This project will replace an existing earthen ditch located between Yorktown Road and Williamsburg Road with a new concrete channel. This project also includes replacement of undersized culverts under Massard Road and the construction of upstream storm drain improvements between Yorktown Road and Valley Forge Road. Two houses are experiencing flooding in this area, one pool is regularly flooded, severe street and yard flooding is occurring, one retaining wall has failed, and the existing earthen ditch is a maintenance issue due to severe erosion and the lack of access (see page 10).</p>		
<b>Country Club Terrace Drainage Channel Improvements</b>	\$	<b>500,000</b>
<p>This project will replace an existing undersized concrete lined ditch located east of South 21st Street between Boston Street and Carthage Street with a new concrete channel. One house is experiencing flooding in this area, and severe street and yard flooding are also occurring (see page 10).</p>		
<b>Total</b>	<b>\$</b>	<b>1,300,000</b>



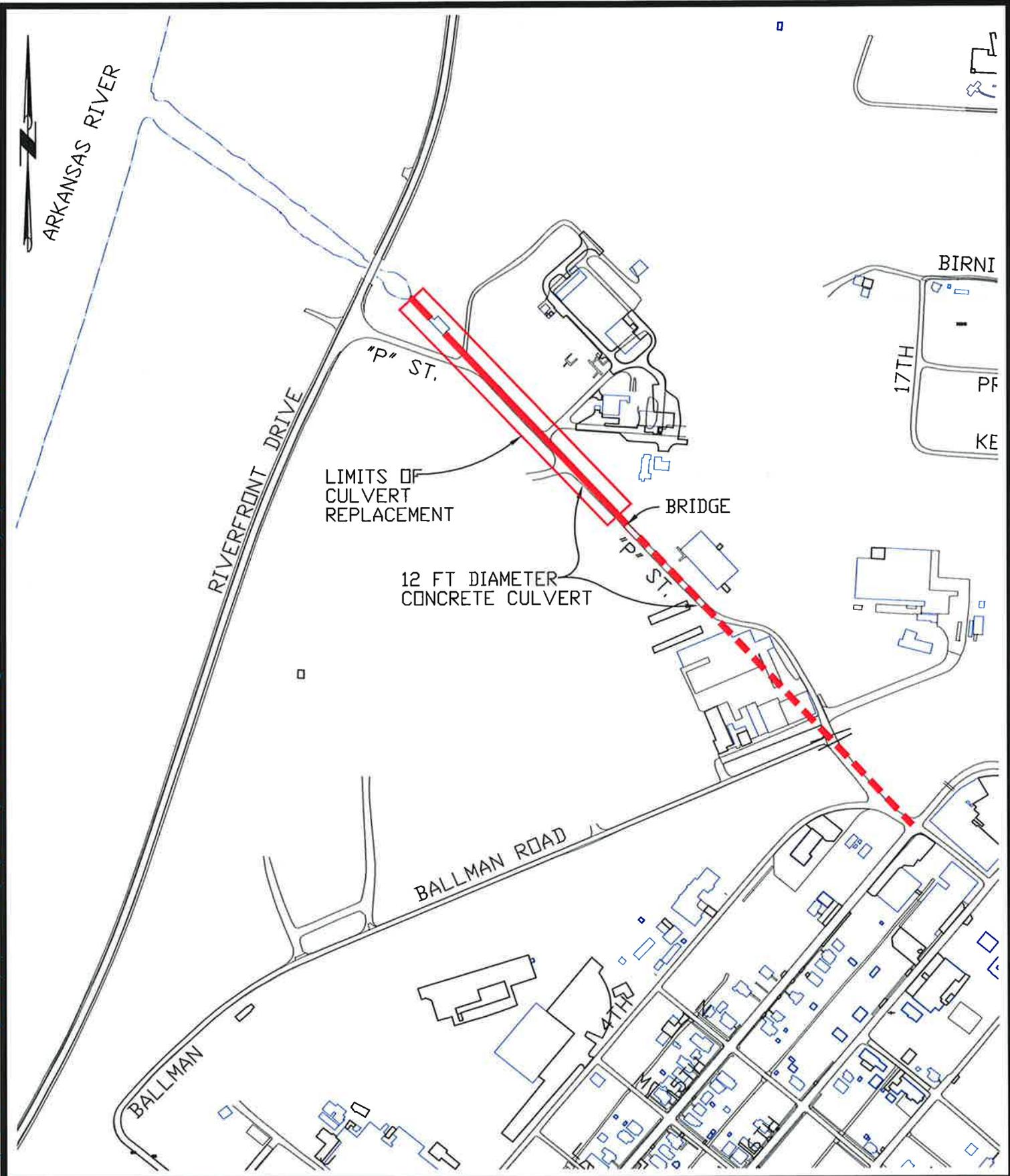
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2015 CAPITAL IMPROVEMENTS PROGRAM  
 DRAINAGE IMPROVEMENTS  
 MAYBRANCH & TOWN BRANCH



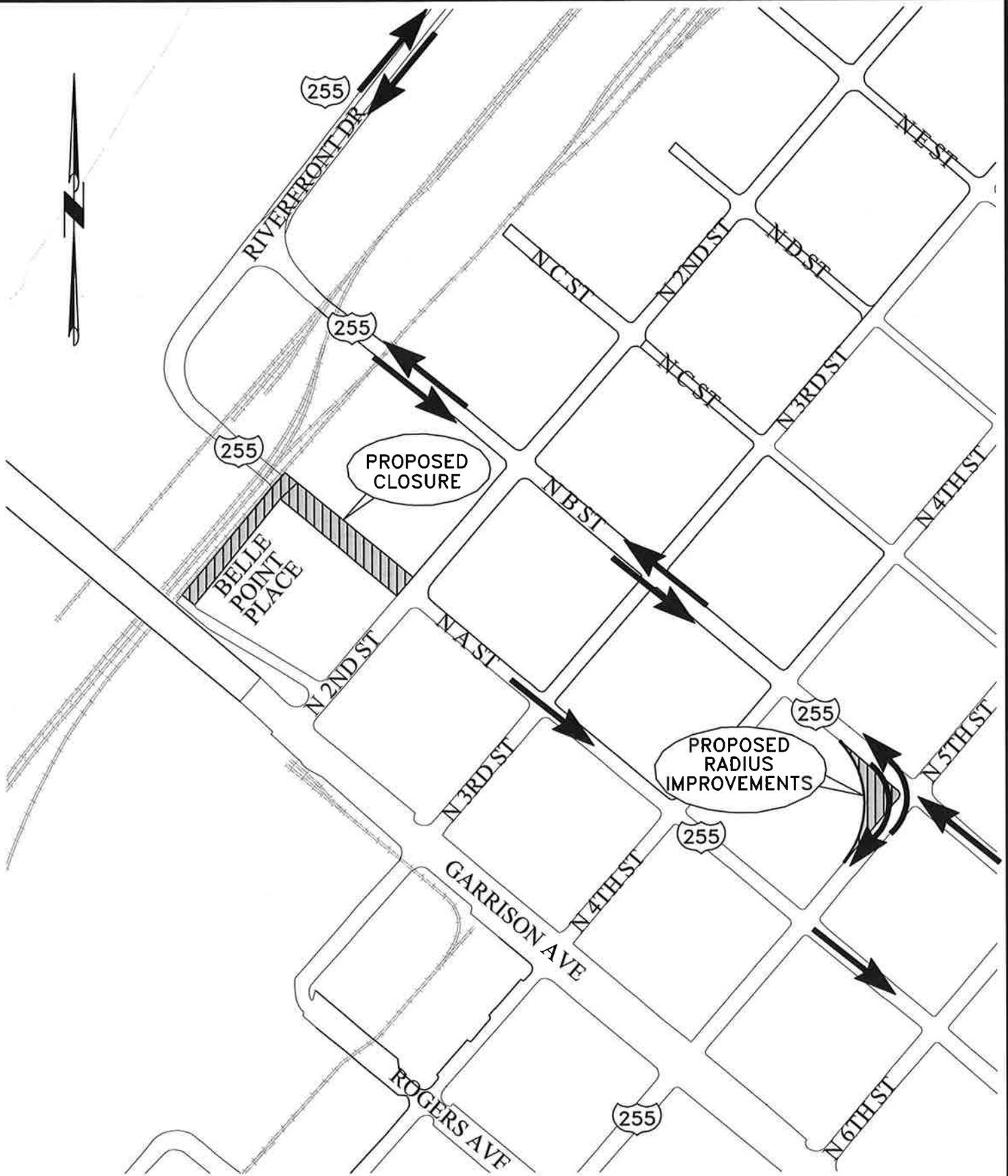
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 MAYBRANCH OUTFALL  
 CULVERT REPLACEMENT



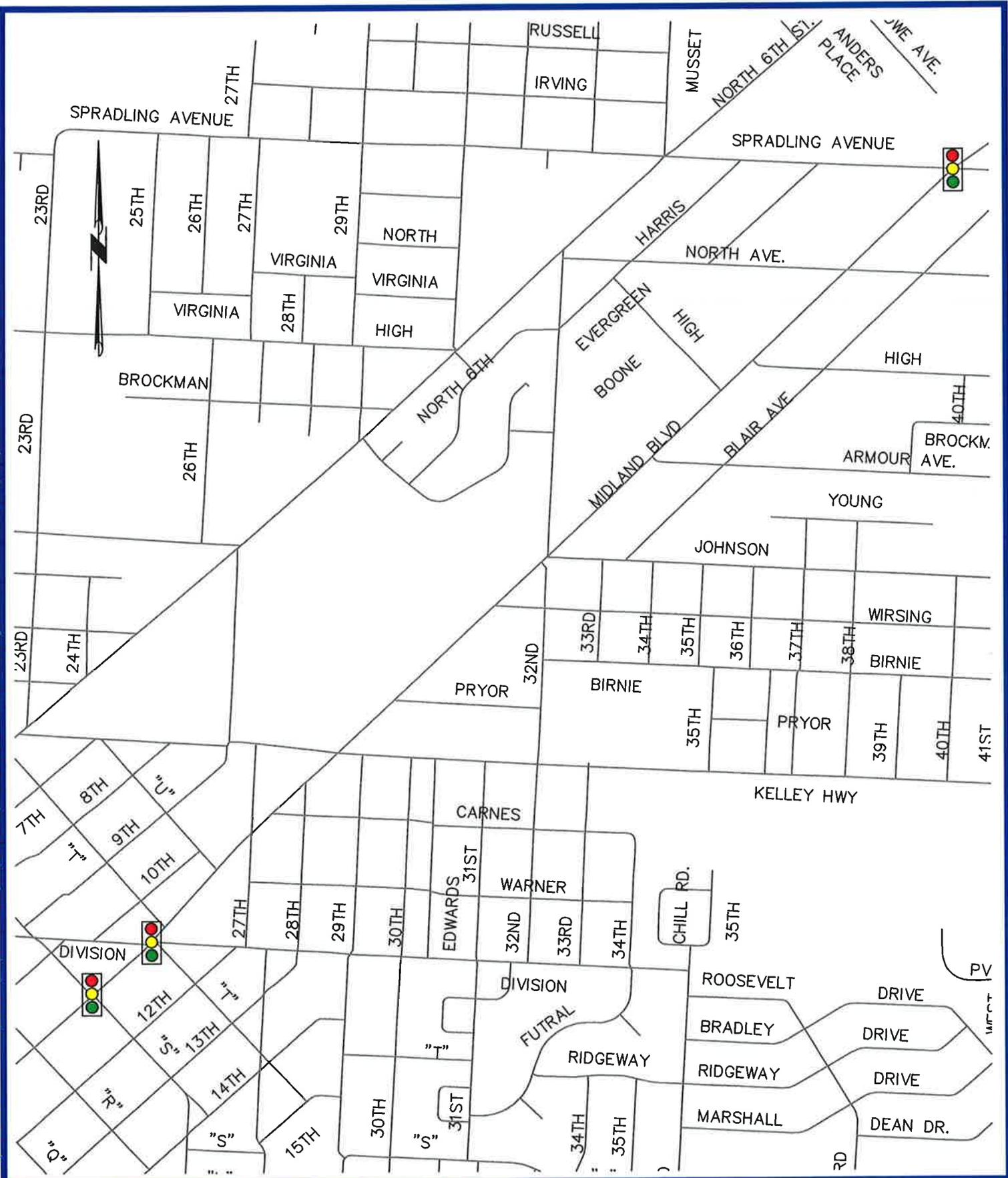
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2015 CAPITAL IMPROVEMENT PROGRAM  
 NORTH B TRUCK ROUTE  
 FORT SMITH, ARKANSAS



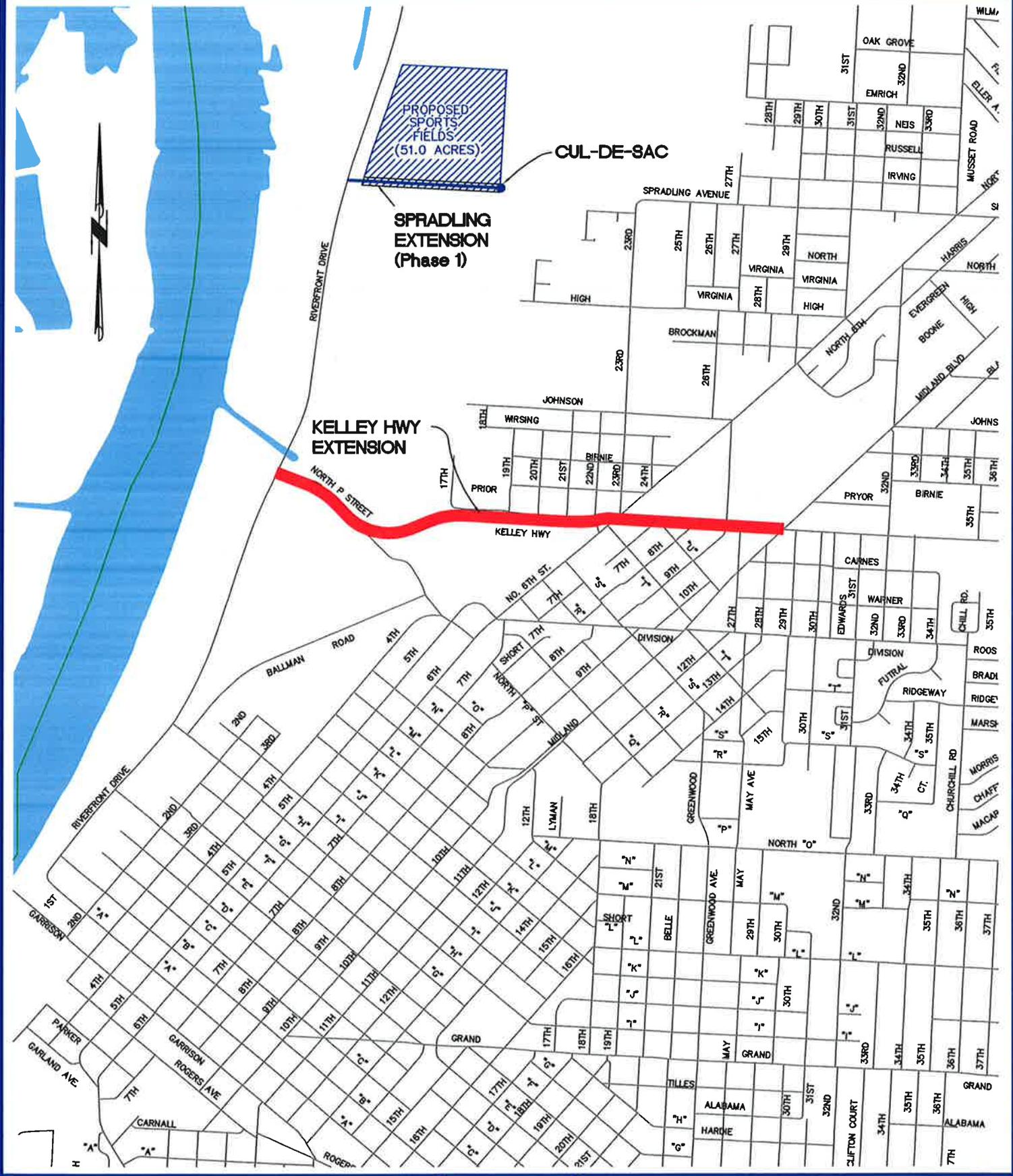
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2015 CAPITAL IMPROVEMENTS PROGRAM  
SIGNAL IMPROVEMENTS



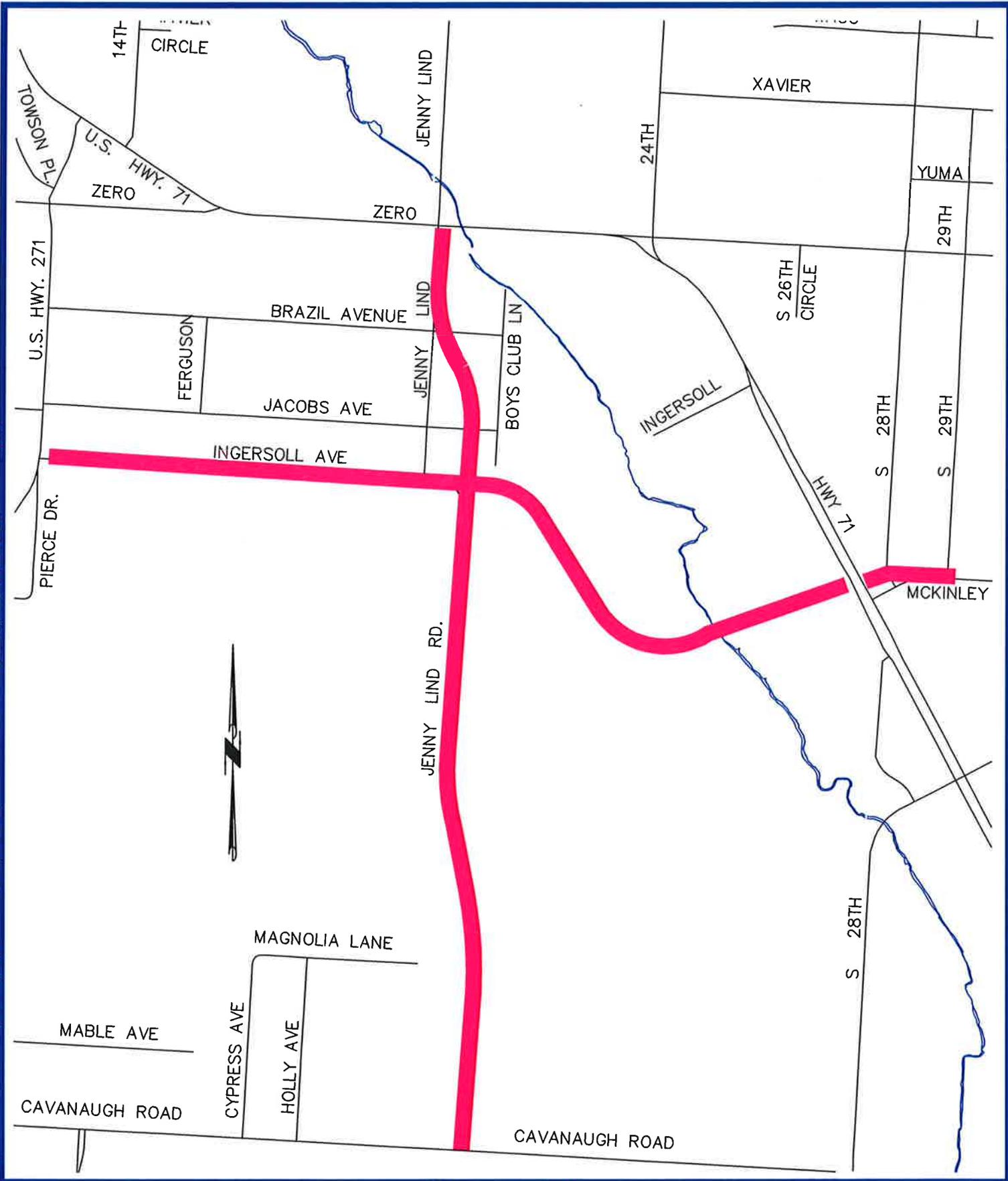
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2015 CAPITAL IMPROVEMENTS PROGRAM  
 SPRADLING AVENUE AND  
 KELLEY HWY EXTENSIONS



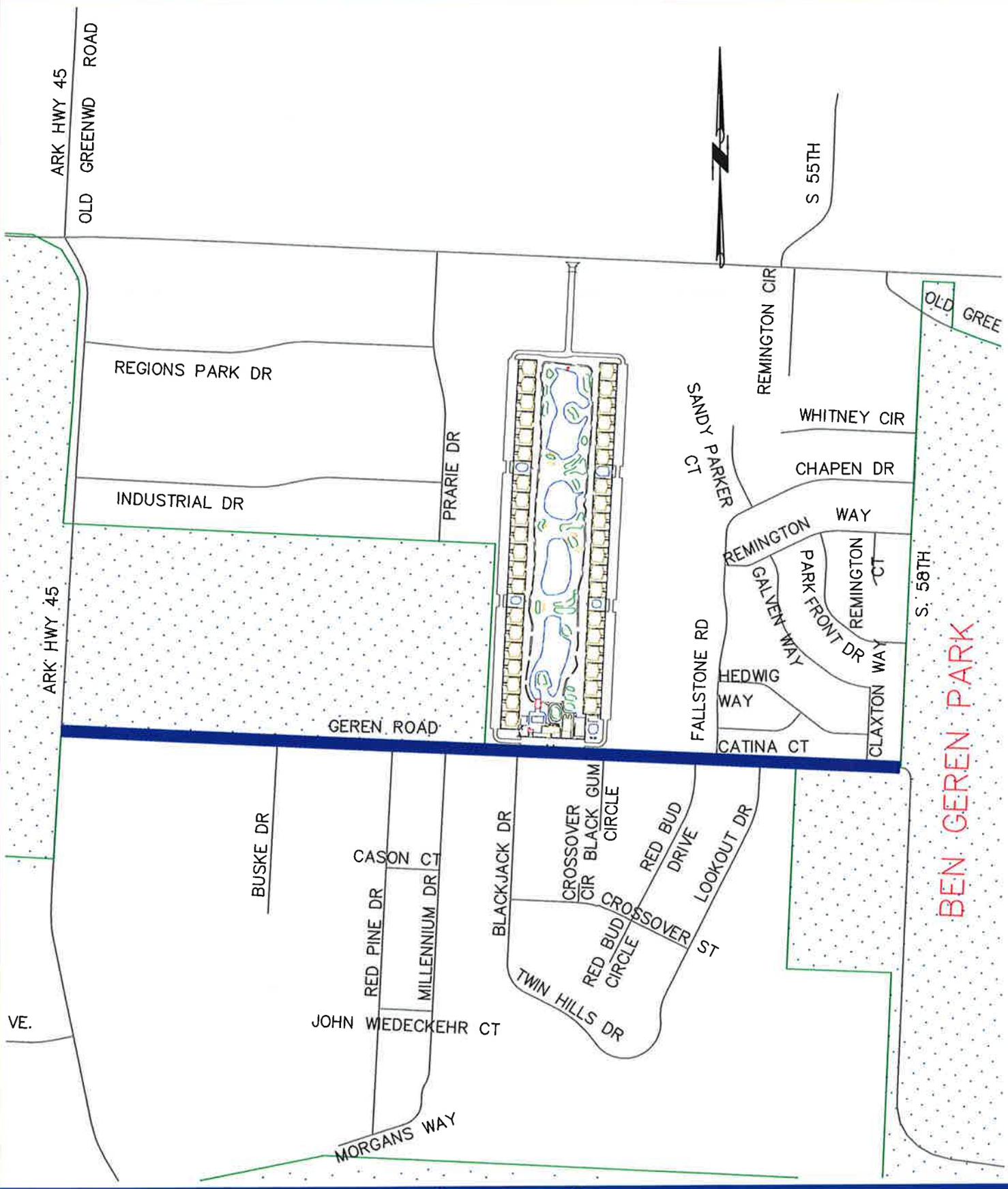
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2015 CAPITAL IMPROVEMENTS PROGRAM  
 JENNY LIND  
 ZERO STREET TO CAVANAUGH ROAD



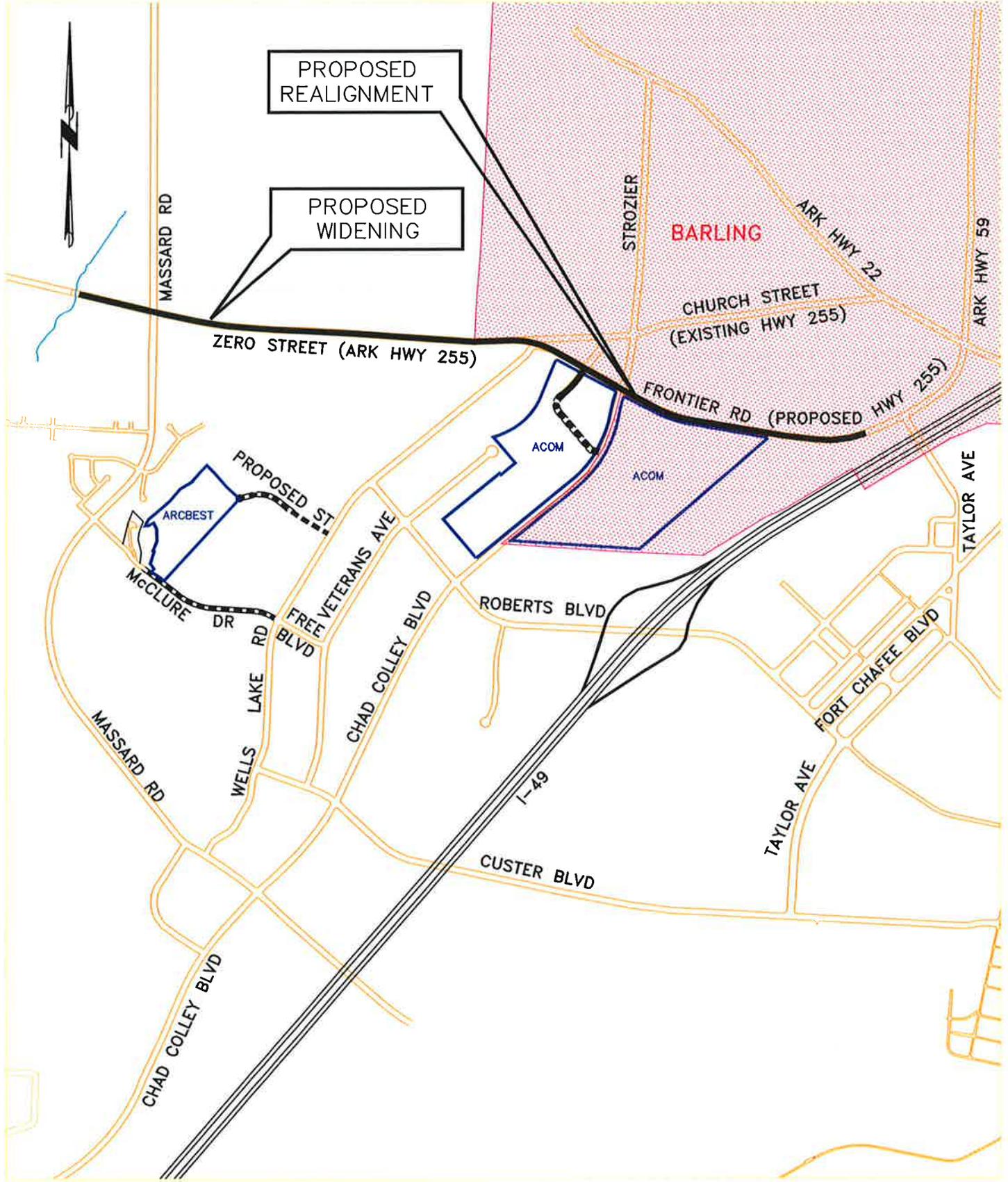
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2015 CAPITAL IMPROVEMENTS PROGRAM  
GEREN RD RECONSTRUCTION



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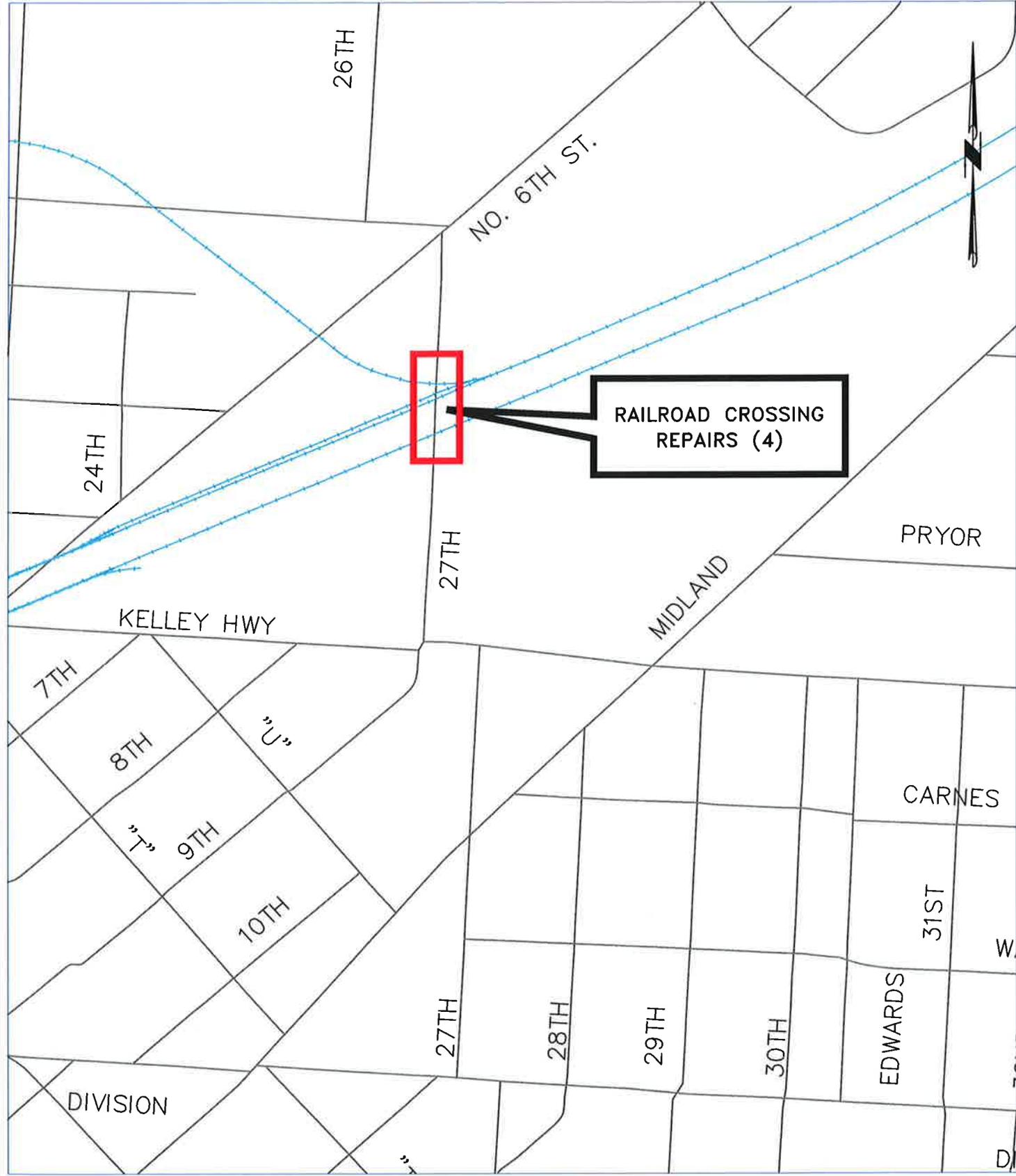


2015 CAPITAL IMPROVEMENTS PROGRAM  
 ZERO STREET (ARK HWY 255)  
 IMPROVEMENTS



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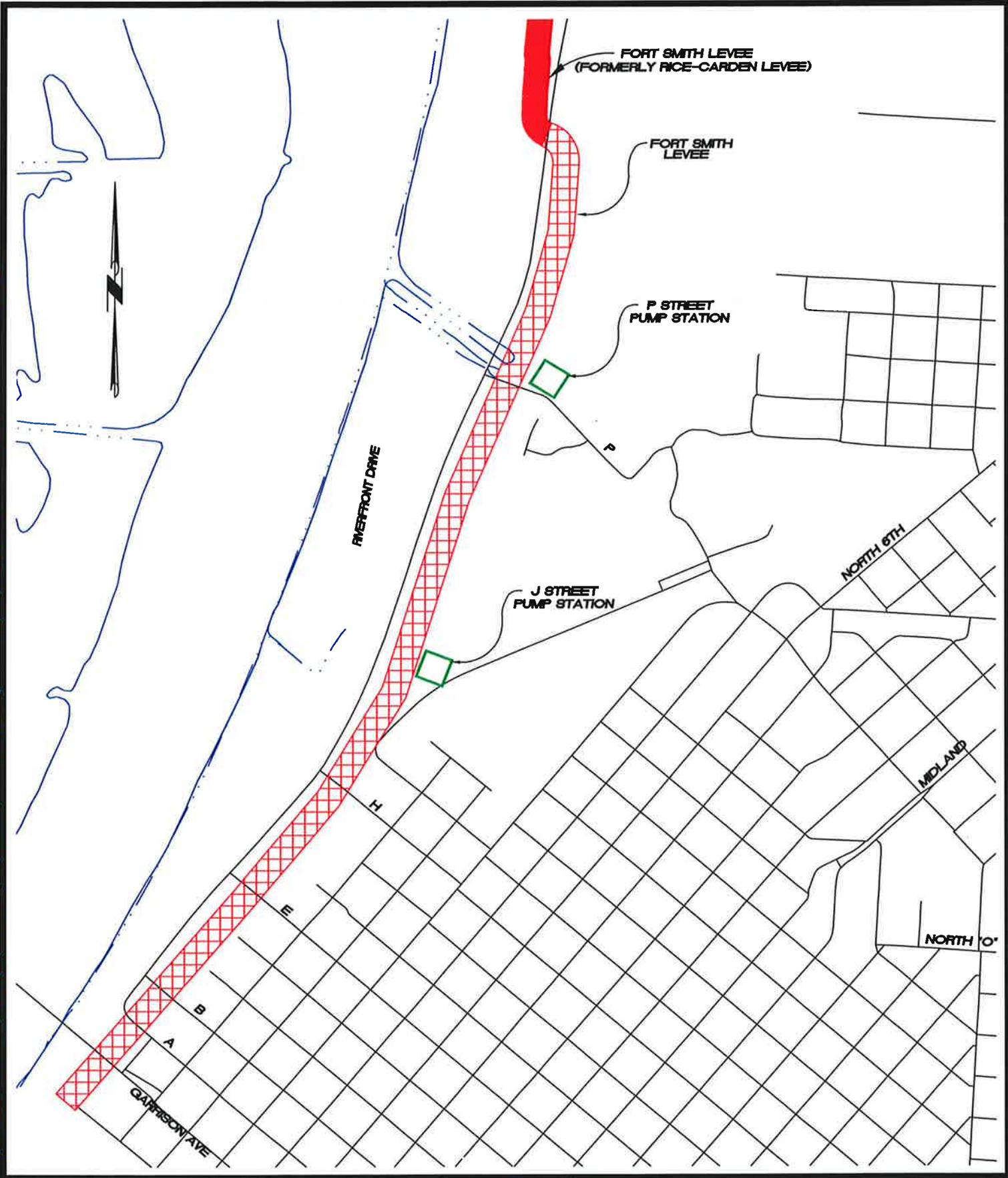
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2015 CAPITAL IMPROVEMENTS PROGRAM  
RAILROAD CROSSING IMPROVEMENTS



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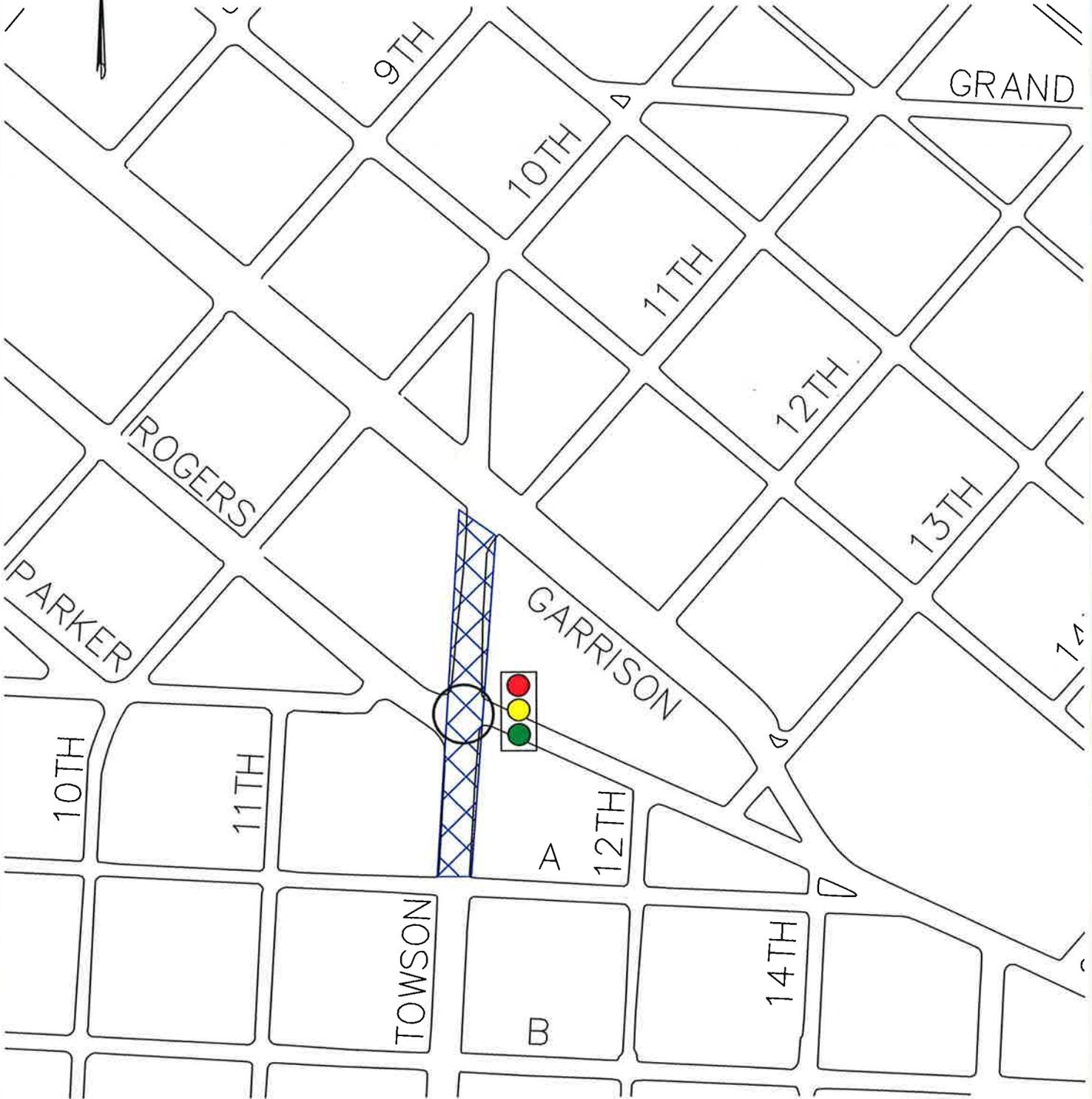


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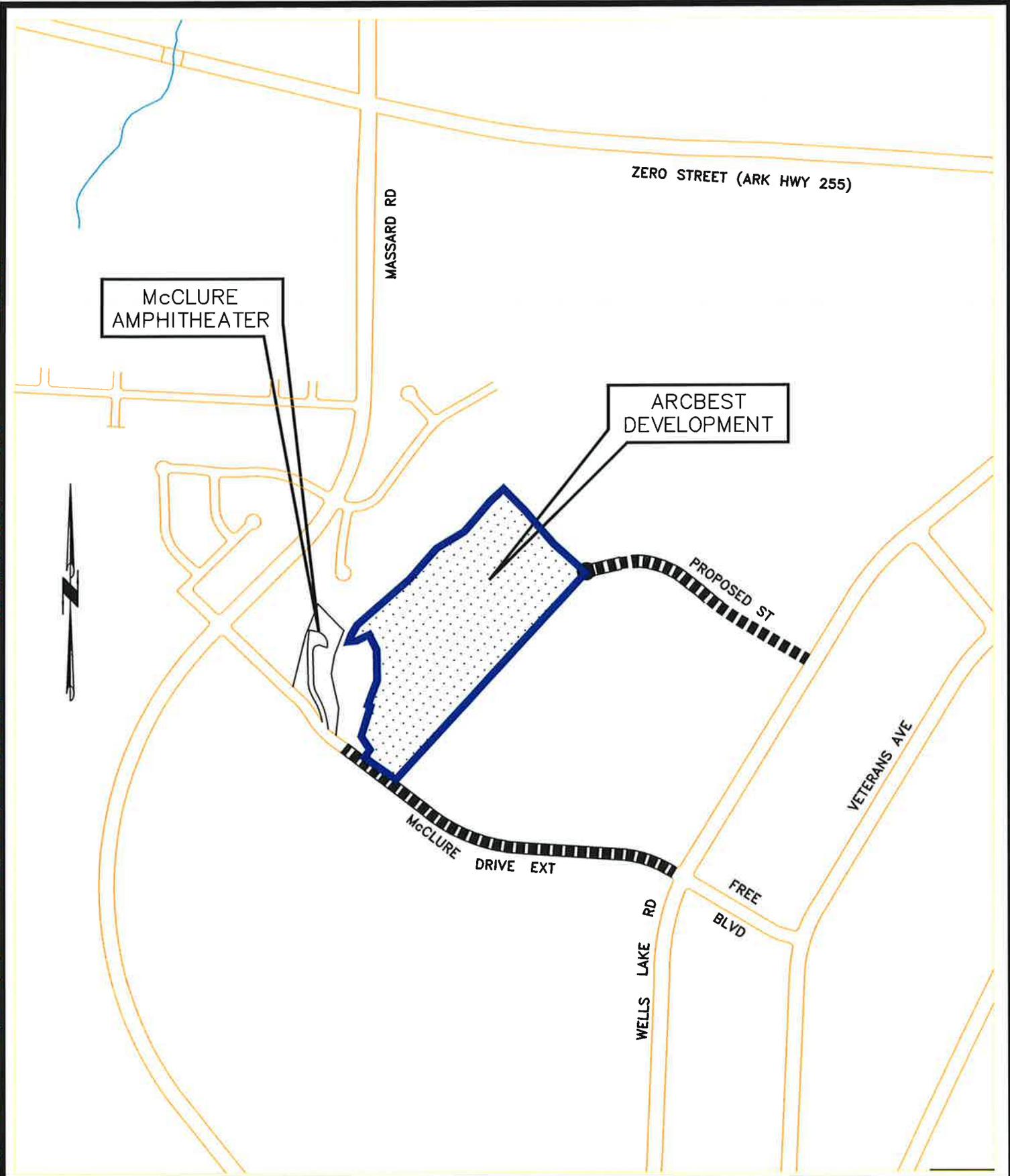
TOWSON STREETScape PROJECT



TOWSON STREETScape  
FORT SMITH, ARKANSAS



Project:	12-90-A
Date:	SEPT. 2014
Scale:	N/A
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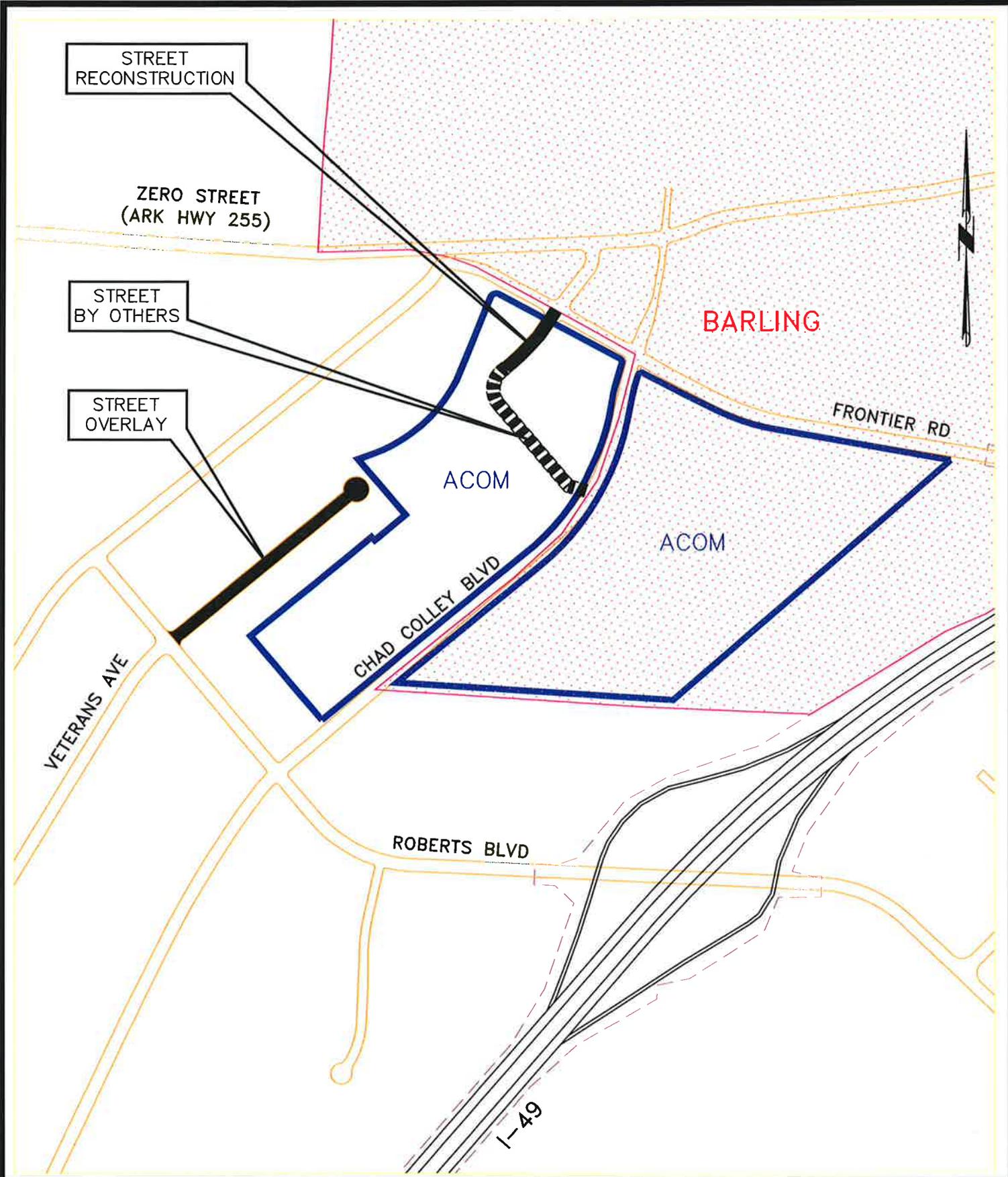


2015 CAPITAL IMPROVEMENTS PROGRAM  
FCRA DEVELOPMENT

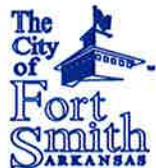


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2015 CAPITAL IMPROVEMENTS PROGRAM  
FCRA DEVELOPMENT



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## MEMORANDUM

September 19, 2014

**TO:** Mayor and Board of Directors

**FROM:** Ray Gosack, City Administrator

**SUBJECT:** PACE Energy Improvement District

The City of Fayetteville has invited Fort Smith to join them in the creation of a PACE program. PACE (Property Assessed Clean Energy) programs are authorized by Act 1074 (copy attached) of the 2013 Arkansas General Assembly. Thirty states permit PACE programs. As much as 40% of all energy consumption occurs in buildings, so PACE programs provide an opportunity to make a meaningful reduction in the nation's energy consumption.

The new law authorizes cities to voluntarily form energy improvement districts. The districts have the power to issue revenue bonds or implement other financing to fund low-interest, long-term loans to interested property owners. (Financing can also be accomplished with more conventional means such as bank loans.) The loans are made for energy efficiency improvements, water conservation improvements and renewable energy projects. Interested property owners who have businesses or reside in an energy improvement district can finance projects for up to 20 years. The loan is repaid through an assessment collected with the owner's property tax bill. The loan becomes a lien on the property. If the property is sold, the new owner is responsible for the remaining loan payments.

PACE improvements make an owner's building more energy efficient, and the bond/loan financing helps increase the participant's cash flow. OG&E, Arkansas Valley Electric, and Arkansas Oklahoma Gas Corp. support the creation of PACE

districts. A PACE program may be more advantageous than conventional financing for at least four reasons:

- The PACE program financing may be done with interest rates which are usually lower than conventional financing interest rates. The lower interest rate can enhance the project economics.
- The PACE program loan can be repaid over 20 years, which is likely longer than conventional financing would allow. This lowers the amount of each annual loan payment, which may make the energy improvement more affordable for the property owner.
- The loan is transferable to subsequent property owners, which may make it easier for the current owner to commit to the investment. Subsequent owners benefit from the long-term energy cost savings produced by the investment.
- The entire amount of the energy improvement can be financed with a PACE loan, whereas traditional financing may not cover 100% of the cost of the improvement.

Two or more cities may jointly form an energy improvement district. Fayetteville has already created its entire city as an energy improvement district. It is in the process of establishing the administration of the program. Fayetteville has asked if Fort Smith would like to join its district. The advantage of a multi-jurisdiction district is that the administrative responsibilities can be shared. Annual administrative costs are covered by loan fees, so there's no expense to the municipality.

The board should first determine if it's interested in developing a PACE program. If the board is interested, we can proceed in one of 3 ways:

- 1) Join with Fayetteville's program to create a combined Fayetteville/Fort Smith energy improvement district.

- 2) Create a district for Fort Smith only.
- 3) Work with other interested cities in our region to create a multi-jurisdictional PACE district.

The creation of a PACE district was discussed at the August 12<sup>th</sup> study session. During that study session, the board asked about the staff time required to administer the program and how a PACE lien can affect the loan to value ratio of a property. Fayetteville and North Little Rock, the two Arkansas cities who have created PACE districts thus far, report that the program has required little staff time to administer. The use of a consultant, who's compensated with program fees, has kept the staff effort to a minimum. Attached is an e-mail from Keaton Smith with Iberia Bank which discusses the question about the loan to value ratio.

All three energy utilities serving Fort Smith have incentive programs for residential and commercial customers. Descriptions of the programs are attached.

Steve Patterson of the Arkansas Advanced Energy Assn. will be present at the September 23<sup>rd</sup> study session to discuss the PACE program. Please let me know if there's any questions or a need for more information.

A handwritten signature in black ink that reads "- Ray". The signature is written in a cursive style and is positioned to the right of the main text block.

#### Attachments

cc: Steve Patterson, Arkansas Advanced Energy Assn.  
Peter Nierengarten, City of Fayetteville

**From:** Smith, Keaton [<mailto:keaton.smith@iberiabank.com>]  
**Sent:** Friday, August 22, 2014 8:16 AM  
**To:** 'Nierengarten, Peter'; 'Michele Halsell'; Gosack, Ray  
**Subject:** RE: Sustainable Arkansas and PACE Programs

Hi All,

I apologize for my delayed response.

I reviewed the statute and I don't see any reference to Loan to Value (LTV) requirements. While I am not an attorney, my interpretation is that LTV requirements would be proposed by the program administrator as a part of their program design, which would ultimately have to be approved by the district's board.

In other programs, I have seen guidelines stating that the PACE lien itself cannot exceed 20% of property value, and that the PACE lien combined with mortgage debt cannot exceed 100% of property value. But until this is determined by a district here in Arkansas these numbers are just ballpark guesses.

Could a PACE lien be a barrier for some buyers? Yes, it could. For other buyers, the PACE lien (and property improvements) might make the property more attractive. It comes down to buyer preference, just like other property features (some people like the benefits of a pool, while others don't want the hassle/expense of maintaining it).

The important thing is that the program is completely voluntary, so any property owner that does move forward with a PACE assessment is doing so voluntarily and with a reasonable understanding of the risk and rewards of the investment.

Please let me know if I can answer any questions.

Keaton Smith  
Business Banking Relationship Manager  
IBERIABANK  
479-878-6381

Sent with Good ([www.good.com](http://www.good.com))

## **ARKANSAS OKLAHOMA GAS CORPORATION**

### **Energy Efficiency Programs**

In March 2010, the Arkansas Public Service Commission approved implementation of Arkansas Oklahoma Gas Company's comprehensive plan of energy efficiency programs for our customers in Arkansas. A summary of the programs are below:

#### **AOG/OGE Joint Weatherization Program**

The AOG/OGE Weatherization Program provides residential energy audits and energy efficiency installations to customers within the Arkansas territories of Arkansas Oklahoma Gas Corporation (AOG) and Oklahoma Gas and Electric (OGE). The program is designed to provide utility funds to customers in order to fully offset the costs of energy efficiency audits and resulting energy efficiency measures and installations. Eligible customers receive funds from both AOG and OGE in this co-funded program covering up to \$3,000 of services. Qualifying participants must be homeowners or leaseholders of a single family home, duplex, or mobile homes built before 1997. The home must also meet certain criteria designed to target severely energy inefficient homes. To apply for the program, call the Community Services Clearinghouse at **(479) 782-5074** or contact Scott Gentry at the number listed below.

#### **Heating Equipment Rebate Program**

AOG's Heating Equipment Rebate Program provides rebates to Arkansas customers who purchase high efficiency natural gas furnaces for new and existing homes and businesses. AOG offers a rebate of \$650 for furnaces with an AFUE rating of 95% or higher and \$450 for furnaces with an AFUE rating of 90% to 94.9%. Trade ally rebates are also available to vendors who recommend and install these furnaces. Participants can obtain more information on these programs at AOG's website: [www.aogc.com](http://www.aogc.com). Rebate forms can be downloaded from the website, and if customers have questions, they can contact John Ware or Scott Gentry at the numbers listed below.

#### **Water Heating Equipment Rebate Program**

AOG's Water Heating Equipment Rebate Program provides rebates to Arkansas customers who purchase high efficiency natural gas water heaters for new and existing homes and businesses. AOG offers the following rebates for water heaters:

- \$550 for an efficiency rating greater than 82%
- \$100 for an efficiency rating greater than 67%
- \$50 for an efficiency rating greater than 62%

Trade ally rebates are also available to vendors who recommend and install these water heaters. Participants can obtain more information on these programs at AOG's website: [www.aogc.com](http://www.aogc.com). Rebate forms can be downloaded from the website, and if customers have questions, they can contact John Ware or Scott Gentry at the numbers listed below.

### **Water Conservation Program**

The water conservation program is designed to encourage AOG's residential customers to save money on both their gas bill and water bill by reducing overall water consumption in their home. The program provides participants with a water conservation kit that is tailored to their home and based on number of bathrooms. Each kit contains a kitchen faucet aerator, bathroom faucet aerator(s), low-flow shower head(s), and a tool to measure hot water temperature. Water conservation kits can be requested at AOG's website: [www.agoc.com](http://www.agoc.com)

### **Commercial & Industrial Solutions Program**

The primary goal of the Commercial-Industrial Solutions Program is to produce cost effective natural gas energy savings by offering incentives for the installation of natural gas energy efficiency measures in commercial and industrial facilities. The program is implemented by CLEAResult and consists of three major components, which provide multiple opportunities for customers to participate and capture energy savings:

1. Direct Install – Primarily targets commercial customers. Energy efficiency measures include pre-rinse spray valves, faucet aerators, and low-flow shower heads. This program component provides convenient delivery of EE measures at no cost to the customer.
2. Prescriptive – Targets both commercial and smaller industrial customers. The program offers prescriptive rebates for a wide variety of high efficiency commercial natural gas equipment. This includes, but is not limited to, ENERGY STAR commercial kitchen equipment, commercial boilers, and boiler controls.
3. Custom – Targets both commercial and industrial customers. This program offers custom incentives for the installation of natural gas energy efficiency measures in a variety of categories. This includes, but is not limited to, boiler upgrades, HVAC systems, steam system insulation, and steam trap replacements. The value of each custom incentive varies according to project scope, and is calculated based on the verified energy savings of each measure installed. This allows AOG and CLEAResult to adapt the offering of the CIS Program to accommodate commercial and industrial customers of any size.

Customers with questions on the Commercial & Industrial Solutions Program can contact John Ware at the number listed below.

### **Arkansas Weatherization Program**

A statewide weatherization program offered jointly by all seven electric and gas investor-owned utilities in Arkansas. The program promotes energy efficiency for single family residential customers who live in severely energy-inefficient homes. The program is administered by the Central Arkansas Development Council with energy audit and

weatherization services delivered by local community action agencies throughout the state. To find out more, you can download the <https://www.aogc.com/energyefficiency.aspx> [Arkansas Weatherization Program](#) brochure at [aogc.com](http://aogc.com), or call Debbie Biggs at **(479) 785-2303 ext. 110**.

### **Energy Efficiency Arkansas**

A statewide program offered jointly by all seven electric and gas investor-owned utilities in Arkansas. The EEA is a multimedia energy efficiency education and training program that targets all customer classes and is administered by the Arkansas Energy Office. Visit [aogc.com](http://aogc.com) or [energyefficiencyarkansas.org](http://energyefficiencyarkansas.org) for an extensive variety of energy efficiency information.

### **Arkansas Oklahoma Gas Corporation Contacts**

John Ware 479-424-4688  
Scott Gentry 479-784-2004

1.

## **OKLAHOMA GAS & ELECTRIC Energy Efficiency Programs**

In March 2010, the Arkansas Public Service Commission approved implementation of OG&E's comprehensive plan of energy efficiency programs for our customers in Arkansas. A summary of the programs are below:

### **AOG/OGE Joint Weatherization Program**

The AOG/OGE Weatherization Program provides residential energy audits and energy efficiency installations to customers within the Arkansas territories of Arkansas Oklahoma Gas Corporation (AOG) and Oklahoma Gas and Electric (OGE). The program is designed to provide utility funds to customers in order to fully offset the costs of energy efficiency audits and resulting energy efficiency measures and installations. Eligible customers receive funds from both AOG and OGE in this co-funded program covering up to \$3,000 of services. Qualifying participants must be homeowners or leaseholders of a single family home, duplex, or mobile homes built before 1997. The home must also meet certain criteria designed to target severely energy inefficient homes. To apply for the program, call the Community Services Clearinghouse at **(479) 782-5074** or contact Ryan Lee at the number listed below.

**OG&E Multi-Family Efficiency Program** OG&E and the property management companies have teamed up to save tenants money on their utility bills. Below are the upgrades that are being direct installed in each apartment:

1. Low-flow faucet aerators in the kitchen and bathroom, using 31% less water than standard faucets, requiring less energy for water heating.
2. Energy efficient shower heads using 40% less water than traditional "low flow" shower heads, requiring less energy for water heating.
3. Compact Fluorescent Light Bulbs that use up to 75% less energy and last up to 10 times longer than traditional incandescent bulbs.
4. Water heater pipe wrap that will reduce heat loss, allowing for lower temperature settings, and less energy required to heat water.

For more information, please contact Ryan Lee at the number listed below.

### **OG&E Commercial Lighting Program**

Commercial lighting upgrades usually have the quickest payback for customers. When Arkansas commercial and industrial customers purchase and install energy efficient indoor and outdoor lighting, lighting controls and light emitting diode (LED) exit lights in both retrofit and new construction applications, OG&E will provide lighting rebates that cover 10-20% of the cost of the improvements. Rebates are based on kWh reductions

from lighting upgrades with an incentive of 12 cents per kWh. The OG&E Commercial Lighting program has paid almost 300 rebates since the program launch. For more information, please contact Robin Arnold at the number listed below.

### **OG&E Standard Offer Program**

The OG&E Standard Offer program was designed to offer a flexible program to help larger commercial and industrial customers achieve energy and demand savings. This program is available to all commercial and industrial customers who are replacing equipment rather than making repairs. With this program, customers are eligible to receive a rebate from OG&E that will cover 10-20% of the replacement costs. The Standard Offer program has paid almost 250 rebates since the program launch. The current incentive paid is 12 cents per kWh reduced. Some typical improvements customers make in order to receive a rebate include the replacement of motors, chillers, compressed air systems, and HVAC systems. For more information, please contact Robin Arnold at the number listed below.

### **OG&E Student Energy Efficiency Program**

The OG&E Student Energy Efficiency program offers the Livingwise kit to elementary students in Arkansas. The program targets 6<sup>th</sup> grade classes where the kits are distributed along with some curriculum that is covered in the classroom that helps students learn more about energy efficiency. The kit includes 3-CFL Light bulbs, high efficiency shower head, faucet aerators, LED nightlight, and educational materials for students and parents. About 1,800 students and teachers participate annually. For more information, please contact John Townsend at the number listed below.

### **Arkansas Weatherization Program**

A statewide weatherization program offered jointly by all seven electric and gas investor-owned utilities in Arkansas. The program promotes energy efficiency for single family residential customers who live in severely energy-inefficient homes. The program is administered by the Central Arkansas Development Council with energy audit and weatherization services delivered by local community action agencies throughout the state. To find out more, please contact Ryan Lee at the number listed below.

### **Energy Efficiency Arkansas**

A statewide program offered jointly by all seven electric and gas investor-owned utilities in Arkansas. The EEA is a multimedia energy efficiency education and training program that targets all customer classes and is administered by the Arkansas Energy Office. Visit [energyefficiencyarkansas.org](http://energyefficiencyarkansas.org) for an extensive variety of energy efficiency information.

### **OG&E Contacts**

Robin Arnold 479-649-2838  
Ryan Lee 479-649-2849  
John Townsend 479-649-5327

## **Arkansas Valley Electric Cooperative Energy Efficiency Programs**

Arkansas Valley Electric Cooperative (AVECC) has a longstanding commitment to energy efficiency programs for members and communities served through a variety of educational and public outreach programs regarding efficient energy usage.

AVECC provides no-cost energy audits and consults to residential, agricultural and commercial members.

AVECC works with various government agencies in order to provide information to the membership on programs providing tax credits, rebates, and funding for energy efficiency products, renewable energy and low-income weatherization programs.

### **Energy Efficiency Programs**

#### **1. Complete Energy Audit (Blower Door / Duct Blaster and Thermographic Analysis)**

AVECC has employs full time Building Performance Institute (BPI) and Minneapolis Blower Door certified Energy Auditors. AVECC's auditors also completed Level 1, Residential Energy Audit Thermographer certification.

AVECC's complete energy audit utilizes BPI practices and techniques including blower door, duct blaster and infrared testing equipment to determine heating and cooling loss in existing structures that lead to high-energy consumption. The analytical data is assembled into a report that outlines opportunities for the member to reduce energy consumption and save on utility bills. The report also contains information on available tax credits and rebates related to recommendations. AVECC offers this as a no-cost service to all residential and small commercial members.

The basic audit is utilized for members with time constraints that would preclude a complete audit or when a member is concerned with abnormally high usage as opposed to a comprehensive plan for home energy efficiency. This method usually involves a walkthrough of the member's property in order to locate and isolate appliances, pumps, motors or HVAC units that may be compromised and leading to high electricity consumption. Recommendations for other energy efficiency measures are made when applicable.

### **Loans and Rebates**

AVECC will soon offer Energy Efficiency Loans, which can be used to finance energy saving devices and systems such as electric heat pumps, dual fuel systems and geothermal systems.

Members will be able to borrow up to \$3000 at fixed low interest rates for a maximum of 5 years. The loan payment will be added to the monthly electric bill.

AVECC periodically offers rebates for high efficiency electric water heaters purchased through the cooperatives water heater sales program.

Arkansas Valley Electric Cooperative members Kyle and Alisha Quenga of Fort Smith were selected as the winners of last year's Annual Electric Cooperatives of Arkansas \$50,000 Energy Efficiency Makeover Contest. Their home, built in 1979 now uses 50% less energy.

Stricken language would be deleted from and underlined language would be added to present law.  
Act 1074 of the Regular Session

1 State of Arkansas *As Engrossed: S3/5/13 S3/14/13 S3/20/13*

2 89th General Assembly

# A Bill

3 Regular Session, 2013

SENATE BILL 640

4  
5 By: Senators D. Johnson, J. Woods

6 *By: Representatives Leding, Barnett, C. Armstrong, Hawthorne, McGill, B. Overbey, T. Thompson, Sabin,*  
7 *D. Whitaker*

## For An Act To Be Entitled

8  
9  
10 AN ACT TO CREATE JOBS, RETAIN WEALTH, AND GROW  
11 ARKANSAS'S ECONOMY BY ENABLING PROPERTY ASSESSED  
12 CLEAN ENERGY FINANCING; TO AUTHORIZE THE  
13 ESTABLISHMENT OF ENERGY IMPROVEMENT DISTRICTS TO FUND  
14 LOANS FOR ENERGY EFFICIENCY IMPROVEMENTS, RENEWABLE  
15 ENERGY PROJECTS, AND WATER CONSERVATION IMPROVEMENTS;  
16 AND FOR OTHER PURPOSES.

## Subtitle

17  
18  
19  
20 TO AUTHORIZE THE ESTABLISHMENT OF ENERGY  
21 IMPROVEMENT DISTRICTS TO FUND LOANS FOR  
22 ENERGY EFFICIENCY IMPROVEMENTS, RENEWABLE  
23 ENERGY PROJECTS, AND WATER CONSERVATION  
24 IMPROVEMENTS.

25  
26  
27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

28  
29 SECTION 1. Arkansas Title 8 is amended to add a new chapter to read as  
30 follows:

### Chapter 15 – Energy Efficient Facilities

#### 8-15-101. Title.

31  
32  
33 This chapter shall be known and may be cited as the “Property Assessed  
34 Clean Energy Act”.  
35  
36



02-28-2013 13:08:57 JLL152

1 8-15-102. Definitions.

2 As used in this chapter:

3 (1)(A) "Bond" means a revenue bond or note issued under this  
4 chapter.

5 (B) "Bond" includes any other financial obligation  
6 authorized by this chapter, the laws of this state, or the Arkansas  
7 Constitution;

8 (2) "District" means a property assessed energy improvement  
9 district established in this state by law for the express purpose of managing  
10 the PACE program;

11 (3) "Governmental entity" means a municipality, county,  
12 combination of cities or counties or both, or statewide district;

13 (4) "Owner" means an individual, partnership, association,  
14 corporation, or other legal entity that is recognized by law and has title or  
15 interest in any real property;

16 (5) "PACE program" means a property assessed clean energy  
17 program under which a real property owner can finance an energy efficiency  
18 improvement, a renewable energy project, and a water conservation improvement  
19 on the real property; and

20 (6) "Person" means an individual, partnership, association,  
21 corporation, or other legal entity recognized by law as having the power to  
22 contract.

23  
24 8-15-103. Legislative findings.

25 The General Assembly finds that:

26 (1) It is in the best interests of the state to authorize  
27 districts that make available to citizens one (1) or more financing programs,  
28 including without limitation a PACE program, to fund energy efficiency  
29 improvements, renewable energy projects, and water conservation improvements  
30 on residential, commercial, industrial, and other real properties at the  
31 request of the owner;

32 (2) The programs described in subdivision (1) of this section  
33 will benefit the citizens of this state by:

34 (A) Decreasing the cost of providing funds to  
35 participating citizens and lowering the aggregate issuance and servicing  
36 costs of loans; and

1                   (B) Making funds available to rural communities throughout  
2 the state that might not otherwise create and finance the programs described  
3 in subdivision (1) of this section; and

4                   (3) The programs described in subdivision (1) of this section  
5 will further the public purpose of:

6                   (A) Creating jobs and stimulating the state’s economy;

7                   (B) Generating significant economic development through  
8 the investment of the proceeds of loans in local communities, including  
9 increased sales tax revenue;

10                   (C) Protecting participating citizens from the financial  
11 impact of the rising cost of electricity produced from nonrenewable fuels;

12                   (D) Providing positive cash flow in which the costs of the  
13 improvements are lower than the energy savings on an average monthly basis;

14                   (E) Providing the citizens of this state with informed  
15 choices and additional options for financing improvements that may not  
16 otherwise be available;

17                   (F) Increasing the value of the improved real property for  
18 participating citizens;

19                   (G) Improving the state’s air quality and conserving  
20 natural resources, including water;

21                   (H) Attracting manufacturing facilities and related jobs  
22 to the state; and

23                   (I) Promoting energy independence and security for the  
24 state and the nation.

25  
26                   8-15-104. Immunity.

27                   (a) The powers and duties of a district conferred by this chapter are  
28 public and governmental functions exercised for a public purpose and for  
29 matters of public necessity.

30                   (b) The district and its personnel are immune from suit in tort for  
31 the performance of its duties under this chapter unless immunity from tort is  
32 expressly waived in writing.

33  
34                   8-15-105. Authority to create.

35                   (a) A governmental entity legally authorized to issue general revenue  
36 bonds may create a district by adoption of an ordinance.

1 (b) A combination of governmental entities may create a district by  
2 each governmental entity:

3 (1) Adopting an ordinance that provides for the governmental  
4 entity's participation in the district; and

5 (2) Entering into a joint agreement with one (1) or more other  
6 participating governmental entities.

7 (c) This section shall not limit additional governmental entities from  
8 becoming members of the district under § 8-15-106.

9

10 8-15-106. Membership in an existing district.

11 (a) To become a member of an existing district, the governing body of  
12 a governmental entity shall:

13 (1) Adopt an ordinance that provides for the participation of  
14 the governmental entity in the district; and

15 (2) Enter into an agreement with the other participating members  
16 of the district.

17 (b) The agreement between members of a district shall establish the  
18 terms and conditions of the operation of the district with the limitations  
19 provided in this chapter.

20

21 8-15-107. Board of directors.

22 (a) A district created under this chapter shall be operated and  
23 controlled by a board of directors.

24 (b) The board of directors shall manage and control each district,  
25 including without limitation the operations, business, and affairs of the  
26 district.

27 (c) The board of directors shall be solely responsible for selecting  
28 the chair of the board of directors and establishing the procedures by which  
29 the board of directors shall operate.

30 (d) A director shall not receive compensation in any form for his or  
31 her services as a director.

32 (e) Each director shall be entitled to reimbursement by the district  
33 for any necessary expenditures incurred in connection with the performance of  
34 his or her general duties as a director.

35

36 8-15-108. Membership on the board of directors.

1           (a) The board of directors of a district shall consist of at least  
2 seven (7) directors.

3           (b) The board of directors shall include:

4                   (1) For a statewide district, the members specified in the  
5 agreement establishing the district;

6                   (2) For a district composed of a combination of one (1) or more  
7 counties and one (1) or more cities:

8                           (A) The county judge or his or her designated  
9 representative of each county that is a member of the district;

10                           (B) The mayor or his or her designated representative of  
11 each city that is a member of the district; and

12                           (C) If the number of directors is fewer than seven (7)  
13 after fulfilling the requirements of subdivisions (b)(2)(A) and (B) of this  
14 section, additional members shall be appointed as specified in the agreement  
15 establishing the district until a total of seven (7) directors has been  
16 appointed;

17                   (3) For a district composed of one (1) or more counties:

18                           (A) The county judge or his or her designated  
19 representative of each county that is a member of the district; and

20                           (B) If the number of directors is fewer than seven (7)  
21 after fulfilling the requirements of subdivision (b)(3)(A) of this section,  
22 additional members shall be appointed as specified in the agreement  
23 establishing the district until a total of seven (7) directors has been  
24 appointed; and

25                   (4) For a district composed of one (1) or more cities:

26                           (A) The mayor or his or her designated representative of  
27 each city that is a member of the district; and

28                           (B) If the number of directors is fewer than seven (7)  
29 after fulfilling the requirements of subdivision (b)(4)(A) of this section,  
30 additional members shall be appointed as specified in the agreement  
31 establishing the district until a total of seven (7) directors has been  
32 appointed.

33           (c) The designated representative of a county judge or mayor under  
34 subsection (b) of this section shall be a qualified elector of the  
35 jurisdiction that the designated representative is appointed to represent.  
36

1           8-15-109. Terms of directors.

2           (a) A director who is a public official may serve on the board of  
3 directors of a district during his or her term of office as the county judge  
4 or mayor of a member of a district.

5           (b) A director who is the designated representative of the mayor or  
6 county judge of a member of the district serves at the pleasure of the mayor  
7 of the city or the county judge of the county that is a member of the  
8 district.

9  
10           8-15-110. District boards of directors – Meetings.

11           (a) The board of directors of a district shall hold quarterly meetings  
12 and special meetings, as needed, in the courthouse or other location within  
13 the district.

14           (b) The time and place of the quarterly meetings shall be on file in  
15 the office of the district board of directors.

16  
17           8-15-111. District boards of directors – Powers and duties.

18           (a) The board of directors of a district may:

19                   (1) Issue revenue bonds on behalf of the district;

20                   (2) Make and adopt all necessary bylaws for its organization and  
21 operation;

22                   (3) Elect officers and employ personnel necessary for its  
23 operation;

24                   (4) Operate, maintain, expand, and fund a PACE project;

25                   (5) Apply for, receive, and spend grants for any purpose under  
26 this chapter;

27                   (6) Enter into agreements and contracts on behalf of the  
28 district;

29                   (7) Receive property or funds by gift or donation for the  
30 finance and support of the district;

31                   (8) Reimburse a governmental entity for expenses incurred in  
32 performing a service for the district;

33                   (9) Assign assessments to a private lending institution; and

34                   (10) Do all things necessary or appropriate to carry out the  
35 powers expressly granted or duties expressly imposed under this chapter.

36           (b) The board of directors shall:

- 1                   (1) Allow a commission of:  
2                   (A) One and five-tenths percent (1.5%) for the extension  
3 of district assessments by the county assessor or county clerk;  
4                   (B) One and five-tenths percent (1.5%) for the collection  
5 of district assessments by the county collector; and  
6                   (C) One-eighth percent (0.125%) for services of a county  
7 treasurer in disbursing the moneys collected for district assessments; and  
8                   (2) Adopt rules consistent with this chapter or with other  
9 legislation that in its judgment may be necessary for the property  
10 enforcement of this chapter.

11  
12                   8-15-112. Reporting requirement – Collection of assessments.

13                   (a)(1)(A) By March 1 of each year or upon the creation of a district  
14 that uses or intends to use the county collector for collection of district  
15 assessments shall file an annual report with the county clerk in any county  
16 in which a portion of the district is located.

17                   (B) The annual report required under this section shall be  
18 available for inspection and copying by assessed landowners in the district.

19                   (C) The county clerk shall not charge any costs or fees  
20 for filing the annual report required under this section.

21                   (D) The district shall deliver a filed copy of the annual  
22 report required under this section to the county collector within five (5)  
23 days of filing.

24                   (2) The annual report required under this section shall contain  
25 the following information as of December 31 of the current calendar year:

26                   (A) A list of contracts, identity of the parties to the  
27 contracts, and obligations of the district;

28                   (B) Any indebtedness, including bonded indebtedness, and  
29 the reason for the indebtedness, including the following:

30                   (i) The stated payout or maturity date of the  
31 indebtedness, if any; and

32                   (ii) The total existing delinquent assessments and  
33 the party responsible for the collection;

34                   (C) Identification of each member of the board of  
35 directors of the district and each member's contact information;

36                   (D) The date, time, and location for any scheduled meeting

1 of the district for the following year;  
2 (E) The contact information for the district assessor;  
3 (F) Information concerning to whom the county treasurer is  
4 to pay district assessments;  
5 (G) An explanation of the applicable statutory penalties,  
6 interest, and costs;  
7 (H) The method used to compute district assessments; and  
8 (I) A statement itemizing the income and expenditures of  
9 the district, including a statement of fund and account activity for the  
10 district.  
11 (b)(1) A district that does not comply with subsection (a) of this  
12 section commits a violation punishable by a fine of not less than one hundred  
13 dollars (\$100) nor more than one thousand dollars (\$1,000) for each offense.  
14 (2) A fine recovered under subdivision (b)(1) of this section  
15 shall be deposited into the county clerk's cost fund.  
16 (c)(1) On or before December 31, the district shall file its list of  
17 special assessments for the following calendar year with the county clerk.  
18 (2)(A) After filing the list of special assessments under  
19 subdivision (c)(1) of this section, the district shall deliver a copy of the  
20 filed list of special assessments to the preparer of the tax books.  
21 (B) If the county collector is not the designated preparer  
22 of the tax books, the district shall deliver a copy of the filed list of  
23 special assessments to the county collector.  
24 (3) The list of special assessments required under subdivision  
25 (c)(1) of this section shall contain:  
26 (A) A list of each parcel with an assessment levied  
27 against it within the district; and  
28 (B) The contact information for the district assessor.  
29 (4) The list of special assessments required under subdivision  
30 (c)(1) of this section shall not include assessments on parcels that  
31 otherwise would not appear on the tax books for the following year.  
32 (5) After the December 31 deadline to file the list of special  
33 assessments required under subdivision (c)(1) of this section, the county  
34 collector may reject an assessment submitted by the district for inclusion in  
35 the list of special assessments.  
36 (d)(1) After the district files the list of special assessments

1 required under subsection (c), the county collector shall collect the  
2 assessments at the same time the county collector collects the other taxes on  
3 the property.

4 (2) The county collector shall pay the funds collected under  
5 subdivision (d)(1) of this section to the county treasurer at the same time  
6 that the county collector pays all other taxes to the county treasurer.

7 (3) The county treasurer shall distribute the funds received  
8 under subdivision (d)(2) of this section to the district in the same manner  
9 as he or she distributes funds to other tax entities.

10  
11 8-15-113. Financing projects.

12 (a) A district may establish a PACE program to provide loans for the  
13 initial acquisition and installation of energy efficiency improvements,  
14 renewable energy projects, and water conservation improvements with  
15 consenting real property owners of existing real property and new  
16 construction.

17 (b)(1) The district may authorize by resolution the issuance of bonds  
18 or the execution of a contract with a governmental entity or a private entity  
19 to provide the loans under subsection (a) of this section.

20 (2) The resolution shall include without limitation the  
21 following:

22 (A) The type of renewable energy project, water  
23 conservation improvement, or energy efficiency improvement for which the loan  
24 may be offered;

25 (B) The proposed arrangement for the loan program,  
26 including without limitation:

27 (i) A statement concerning the source of funding  
28 that will be used to pay for work performed under the loan contract;

29 (ii) The interest rate and time period during which  
30 contracting real property owners would repay the loan; and

31 (iii) The method of apportioning all or any portion  
32 of the costs incidental to the financing, administration, and collection of  
33 the arrangement among the consenting real property owners and the  
34 governmental entity;

35 (C) A minimum and maximum aggregate dollar amount that may  
36 be financed per property;

1 (D)(i) A method for prioritizing requests from real  
2 property owners for financing if the requests appear likely to exceed the  
3 authorization amount of the loan program.

4 (ii) Priority shall be given to those requests from  
5 real property owners that meet the eligibility requirements on a first come,  
6 first served basis.

7 (E) Identification of a local official authorized to enter  
8 into loan contracts on behalf of the district; and

9 (F) A draft contract specifying the terms and conditions  
10 proposed by the district.

11 (c)(1) The district may combine the loan payment required by the loan  
12 contract with the billing for the real property tax assessment for the real  
13 property where the renewable energy project, water conservation improvement,  
14 or the energy efficiency improvement is installed.

15 (2) The district may establish the order in which a loan payment  
16 will be applied to the different charges.

17 (3) The district may not combine the billing for a loan payment  
18 required by a contract authorized under this section with a billing of  
19 another county or political subdivision unless the county or political  
20 subdivision has given its consent by a resolution or ordinance.

21 (d) The district shall offer private lending institutions the  
22 opportunity to participate in local loan programs established under this  
23 section.

24 (e)(1)(A) In order to secure a loan authorized under this section, the  
25 district may place a lien equal in value to the loan against any real  
26 property where the renewable energy project, water conservation improvement,  
27 or the energy efficiency improvement is installed.

28 (B) The lien shall attach to the real property when it is  
29 filed in the county recorder's office for record.

30 (2)(A)(i) The priority of the lien created under this chapter is  
31 determined based on the date of filing of the lien.

32 (ii) Except as provided in subdivision  
33 (e)(2)(A)(iii) of this section, the priority of the lien shall be determined  
34 in the same manner as the priority for other real property tax and assessment  
35 liens.

36 (iii) A lien created under this chapter shall be

1 subordinate to any real or personal property tax liens.

2 (iv) A district shall discharge the lien created  
3 under this chapter upon full payment of the lien.

4 (B) If the real property is sold, the lien shall stay  
5 attached to the real property, and the loan created under this chapter will  
6 be owed by the new real property owner.

7 (C) If the real property enters into default or  
8 foreclosure:

9 (i) Payment of the assessment shall not be sought  
10 from a member of the district who does not own the real property that entered  
11 into default or foreclosure;

12 (ii) Repayment of the assessment shall not be  
13 accelerated automatically; and

14 (iii) The balance of the assessment shall be repaid  
15 according to the terms of the agreed-upon schedule.

16 (3) The district may bundle or package the loans for transfer to  
17 private lenders in a manner that would allow the liens to remain in full  
18 force to secure the loans.

19 (f)(1) Before the enactment of an ordinance under this section, a  
20 public hearing shall be held at which interested persons may object to or  
21 inquire about the proposed loan program or any of its particulars.

22 (2) The public hearing shall be advertised one (1) time per week  
23 for two (2) consecutive weeks in a newspaper of general circulation in the  
24 district.

25  
26 8-15-114. Program guidelines.

27 The board of directors, together with any third-party administrator it  
28 may select, shall determine:

29 (1) The guidelines of the PACE program, including without  
30 limitation that:

31 (A) The base energy performance evaluation shall be  
32 completed by a certified and qualified energy evaluation professional to  
33 determine existing energy use and options for improved energy efficiency;

34 (B) The approved improvements create a positive cash flow;

35 (C) Work shall be performed by qualified and certified  
36 contractors in the field of energy efficiency and methods of renewable energy

1 installation;

2 (D) Performance testing and verification shall be  
3 performed by a qualified professional after the work is completed;

4 (E) Adequate consumer protections are in place; and

5 (F) The applicable underwriting standards for the  
6 participants in the program are established;

7 (2) The qualifications of the vendors performing installations  
8 under this chapter;

9 (3) The mechanisms by which the district will remit the received  
10 special assessment payments and any cost reimbursement; and

11 (4) Any other matters necessary to implement and administer the  
12 PACE program.

13

14 8-15-115. Payment by special assessments.

15 The credit and taxing power of the State of Arkansas will not be  
16 pledged for the debt evidenced by the bonds, which will be payable solely  
17 from the revenues received from the special assessments on the participants'  
18 real property under this chapter.

19

20 8-15-116. Bonds.

21 (a) A district may:

22 (1) Issue bonds to provide the PACE program loans authorized by  
23 this chapter; and

24 (2) Create a debt reserve fund of legally available moneys from  
25 nonstate sources as partial security for the bonds.

26 (b) Bonds issued under this chapter and income from the bonds,  
27 including any profit made on the sale or transfer of the bonds, are exempt  
28 from taxation in this state.

29 (c) Bonds issued under this chapter shall:

30 (1)(A) Be authorized by a resolution of the board of directors.

31 (B) The authorizing bond resolution may contain any terms,  
32 covenants, and conditions that the board of directors deems to be reasonable  
33 and desirable; and

34 (2) Have all of the qualities of and shall be deemed to be  
35 negotiable instruments under the laws of the State of Arkansas.

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8-15-117. Sale.

The bonds may be sold in such a manner, either at public or private sale, and upon such terms as the board of directors of a district shall determine to be reasonable and expedient for effectuating the purposes of this chapter.

8-15-118. Revolving fund.

(a) A district may maintain a revolving fund to be held in trust by a banking institution chosen by the board of directors separate from any other funds and administered by the board of directors.

(b) A district may transfer into its revolving fund money from any permissible source, including:

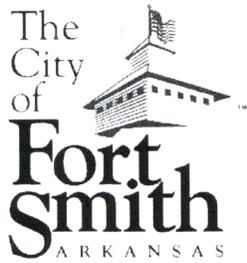
- (1) Bond revenues;
- (2) Contributions; and
- (3) Loans.

8-15-119. Notice to mortgage lender.

At least thirty (30) days before the execution of an agreement with a district, an owner shall provide written notice to each mortgage lender holding a lien on the owner's property of the owner's application to participate in a PACE program.

*/s/D. Johnson*

**APPROVED: 04/11/2013**



## MEMORANDUM

**TO:** Ray Gosack, City Administrator

**FROM :** Kara Bushkuhl, Director of Finance *KB*

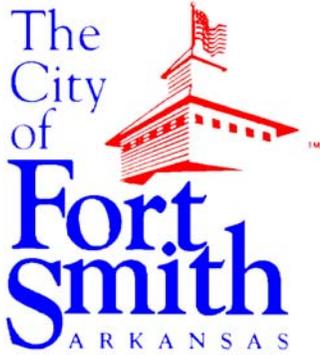
**SUBJECT:** Update on 2015 Budget

Update on the 2015 Budget will be in the form of an oral presentation.

As a reminder, the review of the proposed budget with the Mayor, Board of Directors, Administration and Department Heads will be held in the training room at the Police Department beginning at 6:00pm on the following dates:

Thursday, November 13<sup>th</sup>  
Monday, November 17<sup>th</sup>

If you have any questions, please let me know.



Mayor – Sandy Sanders

City Administrator – Ray Gosack

City Clerk – Sherri Gard

**Board of Directors**

Ward 1 – Keith D. Lau

Ward 2 – Andre' Good

Ward 3 – Mike Lorenz

Ward 4 – George Catsavis

At Large Position 5 – Pam Weber

At Large Position 6 – Kevin Settle

At Large Position 7 – Philip H. Merry Jr.

## **AGENDA ~ Summary**

**Fort Smith Board of Directors**

**STUDY SESSION**

**September 23, 2014 ~ 12:00 Noon**

**Fort Smith Public Library Community Room  
3201 Rogers Avenue**

### **CALL TO ORDER**

- All present, except Directors Lorenz & Catsavis
- Mayor Sandy Sanders presiding

1. Present proposed five-year CIP for streets, bridges and drainage  
Merry / Lau placed resolution on the October 7, 2014 regular meeting
2. Review establishment of a PACE Energy Improvement District ~ *Requested at the August 12, 2014 study session ~*  
Some directors questioned necessity of said district; however, Directors Weber and Merry were in favor of moving forward either in joint participation with the City of Fayetteville's existing district or independently. It was determined that more information must be obtained before full consideration will be made; therefore, staff will meet with representatives in Fayetteville and obtain additional information.
3. Update on Year 2015 Budget  
Presentation by Director of Finance Kara Bushkuhl – update only
4. Review preliminary agenda for the October 7, 2014 regular meeting

### **ADJOURN**

1:09 p.m.