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
October 14, 2014 ~ 12:00 Noon
Fort Smith Public Library Community Room
3201 Rogers Avenue

CALL TO ORDER

1. Update regarding Whirlpool TCE remediation *~ Requested at the July 8, 2014 study session ~*

2. Discuss funding issues regarding the Arkansas Local Police and Fire Retirement Systems (LOPFI) with local legislators *~ Director Lau requested at the August 12, 2014 study session ~*

3. Review preliminary agenda for the October 21, 2014 regular meeting

ADJOURN

1

MEMORANDUM

October 10, 2014

TO: Mayor and Board of Directors

FROM : Ray Gosack, City Administrator

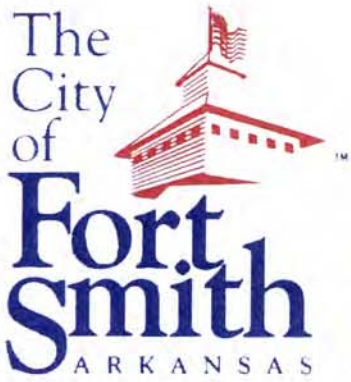
SUBJECT: Update on Whirlpool TCE Remediation

Jeff Noel of Whirlpool Corporation will be present at the October 14th study session. He'll provide a progress report on Whirlpool's work to remediate the TCE contamination on the company's property and nearby neighborhoods. Staff of the Arkansas Department of Environmental Quality (ADEQ) have also been invited to attend the meeting. A multitude of documents regarding the remediation efforts can be found on the city's web site and at *www.whirlpoolfortsmith.com*.

- Ray

cc: Jeff Noel, Whirlpool Corporation
Tammie Hynum, ADEQ

2.



October 10, 2014

Interoffice Memorandum

To: Ray Gosack, City Administrator

From: Kara Bushkuhl, Director of Finance

Re: Fire and Police Pension Funding Discussion

At the October 14, 2014 study session, a discussion of the funding for fire and police pension plans is scheduled. Our state legislators who will represent us in Little Rock next year are expected to attend. David Clark, executive director for LOPFI, will attend and plans to speak. In addition, the citizen members of the audit advisory committee have been invited to attend.

All fire and police sworn personnel are members of the Arkansas local police and fire (LOPFI) retirement system. Members of the city's personnel hired prior to January 1, 1983 are members of the Fire Relief and Pension Plan and the Police Relief and Pension Plan (the Old Plans). These plans are cost-sharing multi-employer defined benefit pension plans. The Old Plans were established in accordance with Arkansas statutes and were closed to new employees effective January 1, 1983. On September 20, 1990, the city entered into an agreement with Arkansas LOPFI whereby LOPFI assumed responsibility for administration and a portion of the obligations of the Old Plans. Per this agreement, the city will contribute an actuarially determined rate sufficient to support the current plan benefit levels and fund the Old Plans' net pension obligation over a 30 year open amortization period.

Pension benefit provisions and all other requirements, including vesting, are established by state statute. Participants in the Old Plans became eligible for membership as of

the first date of employment. Members of the Old Plans who retire with 20 years of credited service are entitled to a retirement benefit payable monthly for life equal to one-half of the participant's annual salary. Employees became vested after 20 years of service. Members with more than 25 years of service credit may be entitled to a maximum of 100% of their highest annual salary. Many of these benefits transfer to the participant's beneficiaries/dependant children.

There were several benefit increases approved for Old Plan members between the years 1993 and 2005. The benefit increases were allowed by state law and were then adopted by the board. However, the benefit increases were approved without financial risk analyses for funding being projected into the future.

During 1983, the city established a special revenue fund, LOPFI Contribution Fund, to account for the required contributions for the LOPFI members (the New Plans) for fire and police members hired after December 31, 1982. The funding resources at the time were primarily the 1 mill ad valorem assessment for each pension plan, the state insurance turnback, employer and employee contributions. The revenues were allocated between the Old Plans and the New Plans based upon membership levels until the agreement with LOPFI in September 1990. All contributions for all fire and police sworn personnel are now accounted for in this fund. The resources for making contributions remain at the same level except for the employees' contribution that was recently increased from 6% to 8.5% of salary.

Attached are exhibits that reflect data related to the LOPFI Contribution Fund. Exhibit I is a projection for the fiscal years ending December 31, 2015 through 2022. The projections reflect that the current funding sources will not be sufficient to make the required contributions for the plans beginning in 2019. Also, attached is Exhibit II that is a schedule of the employer contribution rates from 1999 through 2015. The city does not contribute the 6.2% of earnings into social security since sworn personnel do not participate in social security. Exhibit III provides historic statements for the LOPFI Contribution Fund for the fiscal years ended December 31, 1999 through 2013 as well as those for the 2014 and 2015 budgets.

The primary concern the city faces is providing for the expected shortfalls in the contribution fund to continue to meet the city's obligations. Working with LOPFI and our legislators to identify long-term solutions that are fiscally sustainable provides for a plan of action to address this issue. The Arkansas Municipal League (AML) has prepared the attached proposed constitutional amendment for the 2015 legislative session. The city should become involved with and support the AML efforts.

If you have any questions or require more information, please let me know.

pc: Jeff Dingman
Mike Richards
Kevin Lindsey

Exhibit 1

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ending December 31, 2015 through 2022

	2015	2016	2017	2018	2019	2020	2021	2022
Revenues								
Taxes	$ 2,756,719	$ 2,811,853	$ 2,868,090	$ 2,925,452	$ 2,983,961	$ 3,043,640	$ 3,104,513	$ 3,166,603
Intergovernmental	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000
Fines and forfeitures	137,000	138,000	138,000	140,000	140,000	140,000	140,000	141,000
Interest	6,000	5,000	4,000	3,000	-	-	-	-
Contributions	2,089,000	2,131,000	2,174,000	2,217,000	2,261,000	2,306,000	2,352,000	2,399,000
Miscellaneous	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total revenues	6,349,919	6,447,053	6,545,290	6,646,652	6,746,161	6,850,840	6,957,713	7,067,803
Expenditures								
Current:								
Police	3,424,920	3,596,166	3,775,974	3,964,773	4,163,012	4,371,163	4,572,674	4,696,136
Fire	4,085,870	4,268,100	4,438,824	4,660,765	4,893,803	5,089,555	5,293,137	5,451,931
Total expenditures	7,510,790	7,864,266	8,214,798	8,625,538	9,056,815	9,460,718	9,865,811	10,148,067
Net Change in Fund Balance	(1,160,871)	(1,417,213)	(1,669,508)	(1,978,886)	(2,310,654)	(2,609,878)	(2,908,098)	(3,080,264)
Fund Balance, January 1	6,514,270	5,353,399	3,936,186	2,266,678	287,792	(2,022,862)	(4,632,740)	(7,540,837)
Fund Balance, December 31	$ 5,353,399	$ 3,936,186	$ 2,266,678	$ 287,792	$ (2,022,862)	$ (4,632,740)	$ (7,540,837)	$ (10,621,101)

Exhibit 2

City of Fort Smith, Arkansas
Arkansas LOPFI - City Contribution Rates
Comparisons 1999 - 2015

	1999	2000	2001	2002	2003	2004	2005	2006	2007
Actual Rates:									
Police Members	22.80%	23.36%	21.92%	18.11%	11.71%	15.69%	20.40%	22.42%	22.47%
Fire Members	30.40%	31.65%	29.46%	25.58%	18.83%	22.29%	28.88%	32.23%	32.93%

	2008	2009	2010	2011	2012	2013	2014	2015
Police Members	23.79%	24.05%	27.75%	27.53%	28.74%	30.36%	31.36%	32.36%
Fire Members	33.24%	34.30%	36.97%	39.14%	40.68%	40.16%	38.94%	39.50%

	1999	2000	2001	2002	2003	2004	2005	2006	2007
Increases between years:									
Police Members - Amount	N/A	0.56%	-1.44%	-3.81%	-6.40%	3.98%	4.71%	2.02%	0.05%
Police Members - Percentage	N/A	2.46%	-6.16%	-17.38%	-35.34%	33.99%	30.02%	9.90%	0.22%
Fire Members - Amount	N/A	1.25%	-2.19%	-3.88%	-6.75%	3.46%	6.59%	3.35%	0.70%
Fire Members - Percentage	N/A	4.11%	-6.92%	-13.17%	-26.39%	18.37%	29.56%	11.60%	2.17%

	2008	2009	2010	2011	2012	2013	2014	2015
Police Members - Amount	1.32%	0.26%	3.70%	-0.22%	1.21%	1.62%	1.00%	1.00%
Police Members - Percentage	5.87%	1.09%	15.38%	-0.79%	4.40%	5.64%	3.29%	3.19%
Fire Members - Amount	0.31%	1.06%	2.67%	2.17%	1.54%	-0.52%	-1.22%	0.56%
Fire Members - Percentage	0.94%	3.19%	7.78%	5.87%	3.93%	-1.28%	-3.04%	1.44%

Exhibit 3

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended December 31, 1999 - 2013, and Budgets 2014 & 2015

	1999	2000	2001	2002	2003	2004	2005
Revenues							
Taxes	$ 1,467,641	$ 1,549,498	$ 1,665,741	$ 1,806,753	$ 1,859,859	$ 1,902,588	$ 2,027,640
Intergovernmental	994,661	942,044	823,694	833,481	1,334,401	902,101	978,008
Fines and forfeitures	122,734	90,221	120,274	115,436	118,229	119,348	130,301
Interest	370,871	503,569	455,043	248,309	177,261	180,885	351,957
Contributions	738,432	827,858	811,389	791,586	765,030	773,610	807,281
Miscellaneous	2,385	705	7,639	1,374	2,068	3,118	1,847
Total revenues	3,696,724	3,913,895	3,883,780	3,796,939	4,256,848	3,881,650	4,297,034
Expenditures							
Current:							
Public safety	2,872,646	3,442,391	3,376,525	2,617,817	-	-	-
Police	-	-	-	-	1,288,272	2,045,686	1,736,439
Fire	-	-	-	-	1,620,821	1,192,074	1,972,552
Total expenditures	2,872,646	3,442,391	3,376,525	2,617,817	2,909,093	3,237,760	3,708,991
Net Change in Fund Balance	824,078	471,504	507,255	1,179,122	1,347,755	643,890	588,043
Fund Balance, January 1	7,534,566	8,358,644	8,830,148	9,337,403	10,516,525	11,864,280	12,508,170
Fund Balance, December 31	$ 8,358,644	$ 8,830,148	$ 9,337,403	$ 10,516,525	$ 11,864,280	$ 12,508,170	$ 13,096,213

Sources: Comprehensive annual financial reports (CAFR) for the fiscal years 1999 through 2013. Budget 2014 is from the published 2014 Budget. Budget 2015 amounts are from early projections.

Note: The application of GASB Statement No. 34 began with the 2003 CAFR. Prior to this year, the expenditures were classified as public safety rather than classified as either Police or Fire.

Exhibit 3

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended December 31, 1999 - 2013, and Budgets 2014 & 2015
(Continued)

	2006	2007	2008	2009	2010	2011	2012
Revenues							
Taxes	$ 2,104,881	$ 2,055,819	$ 2,208,179	$ 2,517,277	$ 2,573,495	$ 2,653,362	$ 2,612,603
Intergovernmental	911,307	977,845	961,177	796,055	986,895	838,250	1,238,324
Fines and forfeitures	127,185	130,753	142,680	129,627	134,666	129,965	141,387
Interest	561,225	598,061	377,247	142,383	15,672	3,023	22,481
Contributions	853,815	862,049	873,010	1,162,549	1,337,930	1,341,058	1,394,668
Miscellaneous	4,941	5,514	5,050	1,307	1,128	74	726
Total revenues	4,563,354	4,630,041	4,567,343	4,749,198	5,049,786	4,965,732	5,410,189
Expenditures							
Current:							
Public safety	-	-	-	-	-	-	-
Police	2,197,999	2,268,678	2,138,683	2,854,852	2,935,234	3,212,784	3,112,104
Fire	2,113,730	2,197,621	2,462,431	2,725,106	3,267,780	3,175,842	3,464,938
Total expenditures	4,311,729	4,466,299	4,601,114	5,579,958	6,203,014	6,388,626	6,577,042
Net Change in Fund Balance	251,625	163,742	(33,771)	(830,760)	(1,153,228)	(1,422,894)	(1,166,853)
Fund Balance, January 1	13,096,213	13,347,838	13,511,580	13,477,809	12,647,049	11,493,821	10,070,927
Fund Balance, December 31	$ 13,347,838	$ 13,511,580	$ 13,477,809	$ 12,647,049	$ 11,493,821	$ 10,070,927	$ 8,904,074

Sources: Comprehensive annual financial reports (CAFR) for the fiscal years 1999 through 2013. Budget 2014 is from the published 2014 Budget. Budget 2015 amounts are from early projections.

Note: The application of GASB Statement No. 34 began with the 2003 CAFR. Prior to this year, the expenditures were classified as public safety rather than classified as either Police or Fire.

Exhibit 3

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended December 31, 1999 - 2013, and Budgets 2014 & 2015
(Continued)

	2013	Budget 2014	Budget 2015
Revenues			
Taxes	$ 2,679,577	$ 2,702,666	$ 2,756,719
Intergovernmental	1,366,857	1,360,000	1,360,000
Fines and forfeitures	129,528	137,000	137,000
Interest	18,183	11,000	6,000
Contributions	1,846,891	2,038,055	2,089,000
Miscellaneous	1,221	1,200	1,200
Total revenues	6,042,257	6,249,921	6,349,919
Expenditures			
Current:			
Public safety	-	-	-
Police	3,351,662	3,341,386	3,424,920
Fire	4,002,720	3,986,214	4,085,870
Total expenditures	7,354,382	7,327,600	7,510,790
Net Change in Fund Balance	(1,312,125)	(1,077,679)	(1,160,871)
Fund Balance, January 1	8,904,074	7,591,949	6,514,270
Fund Balance, December 31	$ 7,591,949	$ 6,514,270	$ 5,353,399

Sources: Comprehensive annual financial reports (CAFR) for the fiscal years 1999 through 2013. Budget 2014 is from the published 2014 Budget. Budget 2015 amounts are from early projections.

Note: The application of GASB Statement No. 34 began with the 2003 CAFR. Prior to this year, the expenditures were classified as public safety rather than classified as either Police or Fire.

Proposed Arkansas Constitutional Amendment to improve options for funding the needs of local governments in Arkansas

Improved flexibility under Amendment 62

1. Permit non capital uses of bond authority to be approved at an election for non capital long term needs such as the funding of existing pension or other post employment benefit liabilities, and other long term purposes authorized by the legislature.

2. Permit refunding for interest rate savings of voter approved outstanding bonds without a new election, in an amount necessary to discharge the outstanding obligation. The refunding amount is now limited to the amount of the outstanding bonds. This will expand opportunities for cities and counties to generate savings by debt service reduction and shorten the life of taxes that are pledged to bonds. (Refunding escrow earnings are limited to the new lower bond rate which requires an invested escrow amount exceeding the outstanding principal on higher rate refunded bonds.)

Improved flexibility under Amendment 78

1. Permit special tax revenues to be used for short term debt repayment in addition to general revenues. This would permit a dedicated sales tax to be used to finance related equipment, such as: a public safety sales tax to finance a fire truck or police cars; a solid waste sales tax to finance garbage trucks or waste disposal equipment; or, a street or road tax to finance street or road improvement trucks or equipment.

2. Extend the financing of short term debt from 5 to 10 years to increase funding potential in light of the growing cost of major equipment.

3. Permit local sales taxes or other taxes authorized by the Legislature to be captured to support the existing TIF authority.

Increase the potential local pension millage

Increase pension millage that may be approved by voters from 1 mill each for fire and police pensions to 2 each plus 1 for non-uniformed employee retirement - increase of 2 permitted now to 5 mills.

The City of Fort Smith ARKANSAS

October 6, 2014

TO: Members of the Board of Directors
Members of the Building Board of Adjustment and Appeals

RE: Appointments:

The terms of David Edwards and Evan Fleming of the Building Board of Adjustment and Appeals will expire November 30th, 2014. In accordance with Ordinance No. 2926 applications for these prospective vacancies are now being received. Applicants must be residents and registered voters in the City of Fort Smith.

Please submit applications to the city administrator's office no later than the close of business on October 30th, 2014. A list will be compiled for review by the Board of Directors. Applications are available on the City of Fort Smith website. Go to www.fortsmithar.gov and click on boards and commissions.

Sincerely,

Ray Gosack

Ray Gosack
City Administrator

623 Garrison Avenue
P.O. Box 1908
Fort Smith, Arkansas 72902
(479) 785-2801
Administrative Offices FAX (479) 784-2430

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AGENDA ~ Summary

Fort Smith Board of Directors
STUDY SESSION
October 14, 2014 ~ 12:00 Noon
Fort Smith Public Library Community Room
3201 Rogers Avenue

CALL TO ORDER

- All present
- Mayor Sandy Sanders presiding

1. Update regarding Whirlpool TCE remediation ~ *Requested at the July 8, 2014 study session* ~
   Update only, provided by Whirlpool Corporation and Environ

2. Discuss funding issues regarding the Arkansas Local Police and Fire Retirement Systems (LOPFI) with local legislators ~ *Director Lau requested at the August 12, 2014 study session* ~
   Lau/Weber directed the City Administrator to provide options to address underfunding and that such be considered for potential inclusion in the 2015 Budget.
   The Board also concurred to obtain input from representatives of both the police and fire associations. *(Such will most likely occur during the upcoming budget hearings in November.)*

3. Review preliminary agenda for the October 21, 2014 regular meeting

ADJOURN

1:17 p.m.