

MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING

TUESDAY ~ JUNE 17, 2014 ~ 6:00 P.M.

FORT SMITH PUBLIC SCHOOLS SERVICE CENTER

The meeting was called to order by Vice-Mayor Kevin Settle, presiding. Invocation was given by Reverend Dino Hutchings of Evangel Temple, followed by the Pledge of Allegiance. On roll call the following members of the Board were present: Directors Keith Lau, Mike Lorenz, George Catsavis, Pam Weber, Kevin Settle and Philip H. Merry, Jr. The Vice-Mayor declared a quorum present. Director Andre' Good arrived during presentation of Item No. 1.

Vice-Mayor Settle inquired if any Board member had any item of business to present that was not already on the agenda.

Merry, seconded by Weber, moved to add the following two (2) resolutions regarding legal services to the current agenda for consideration:

- Resolution directing the performance of a financial audit of the billing records of Daily & Woods, P.L.L.C. for services rendered to the City of Fort Smith ~ *Merry/Weber placed on the June 17, 2014 regular meeting agenda at the June 10, 2014 study session; Lorenz, Lau, Good, Catsavis & Settle removed from the June 17, 2014 regular meeting agenda on June 12, 2014~*
- Resolution creating a commission to review how the City of Fort Smith obtains legal services ~ *Merry/Weber placed on the June 17, 2014 regular meeting agenda at the June 10, 2014 study session; Lorenz, Lau, Catsavis & Settle removed item from June 17, 2014 regular meeting agenda on June 12, 2014 ~*

The members present voted as follows: ayes - Weber and Merry; nays - Lau, Lorenz, Catsavis and Settle. The Vice-Mayor declared the motion defeated citing such may only be accomplished by unanimous vote of the Board. Section 2-31(6) of the Fort Smith

June 17, 2014 Regular Meeting

Municipal Code requires that any item(s) denied a place on the present agenda, "...*shall automatically be placed on the agenda of the following regular meeting...*"; therefore, Vice-Mayor Settle further announced the aforementioned resolutions will be placed on the July 1, 2014 regular meeting agenda.

The minutes of the June 3, 2014 regular meeting and June 10, 2014 special meeting were presented for approval. Catsavis, seconded by Merry, moved approval of the minutes as written. The members present all voting aye, the Mayor declared the motion carried.

With regard to the time limit policy for persons wishing to address the Board, the Mayor communicated that five (5) minutes per side would be granted for controversial items with three (3) minutes for rebuttal per side, and two (2) minutes for comments only.

Item No. 2 was formal presentation of the 2013 Audit (*Comprehensive Annual Finance Report - CAFR*).

City Administrator Ray Gosack advised such is presentation of the 2013 Comprehensive Annual Finance Report (CAFR) and audit report for the year ending December 31, 2013. The City of Fort Smith as received a Certificate of Achievement from the Government Finance Officers Association for its financial reporting each year for approximately thirty (30) years. Such us the highest award offered for governmental accounting and conveyed much confidence the presented report will also qualify for the same recognition. Such is due to Director of Finance Kara Bushkuhl and her staff; therefore, he extended much appreciation for their work.

Ms. Bushkuhl reviewed the information citing an electronic copy of the CAFR was previously provided to the Board prior to the meeting. The final report will be provided to

June 17, 2014 Regular Meeting

the Board by the end of June. The audit report was prepared by BKD, LLC and has been reviewed by the Audit Advisory Committee (AAC); therefore, she introduced Mr. Lavon Morton of the AAC.

Mr. Morton addressed the Board advising the AAC reviewed the CAFR on June 12, 2014 and noted the City of Fort Smith will receive a “*clean opinion*” for the City’s financial statements. The City was also found to be in compliance with all debt issuance coverage requirements. There were issues discovered in the audit that should be noted, which are noted below:

1. Regarding the depreciation schedule for the capital asset fund, there was a material weakness in internal control whereby the depreciation amounts were understated due to a formula error on the spreadsheet.

Corrective Action: Adjustments were made to correct the error and new procedures have been put in place to ensure proper calculation in the future.

2. With regard to a \$53,000 federal transit grant, there was also a deficiency in internal control whereby said grant was double-billed and overpaid.

Corrective Action: A refund was issued for the overpayment and procedures have been put in place to ensure such does not occur again.

Mr. Morton further noted that discussion ensued during the review on June 12 regarding pension funding, which is under the control of the State Arkansas; post-employment benefits; and, creation of a new pension standard with application of the new standard in either 2015 or 2016. The aforementioned standard essentially provides that the pension liability will be included on the City’s financial statements.

Director Lau noted the anticipated under-funding of police and fire pension

June 17, 2014 Regular Meeting

accounts, which has been foreseen in recent years; therefore, he inquired when said under-funding is expected to be realized.

Ms. Bushkuhl merely advised the under-funding is currently anticipated to be realized in 2016.

Vice-Mayor Settle announced Item No. 1 was presentation only and no action was necessary; however, he extended much gratitude to all involved in the financial reporting and audit processes.

The Vice-Mayor recognized Matthew Dawkins and Christopher Kaelin from Boy Scout Troop 110, who were in attendance to earn their Communication Merit Badge. He further noted the attendance of Boy Scout Merit Badge Counselor Steve Lovelic.

The Consent Agenda (Item No. 2) was introduced for consideration, the items being as follows:

- A. Resolution authorizing an engineering services agreement for the design of a project in the 2014 Sales Tax Program (*\$183,842.00 / Engineering Department / Budgeted - Street Sales Tax Program Fund*)
- B. Resolution to accept a donation of property for a wetlands mitigation area in association with the Mill Creek Rechannelization; Project No. 05-06-C (*Little Vache Grasse Creek*)
- C. Resolution accepting bid and authorizing a contract for construction of a fire training center (*\$1,176,000.00 / Fire Department / Budgeted - Capital Outlay 4803-301 and Act 833 Funds*)
- D. Resolution approving Change Order No. 1 to the City's contract with Beshears Construction, Inc. for the construction of the fire training center (*\$10,453.00 / Fire Department / Budgeted - Capital Outlay 4803-301 and Act 833 Funds*)
- E. Resolution accepting donation of real property (*Fianna Way and Highway 253*)

June 17, 2014 Regular Meeting

- F. Resolution accepting bid for the purchase of a box truck with lift gate (\$78,820.00 / Sanitation Department / Budgeted - Capital Outlay 6302-302)
- G. Resolution accepting bid for the purchase of a fuel truck (\$124,749.77 / Sanitation Department / Budgeted - Sinking Fund)
- H. Resolution approving a tolling agreement with the United States Department of Justice relating to wet weather sanitary sewer work
- I. Resolution authorizing the Mayor to execute Authorization No. 3 to the agreement with RJN Group, Inc. for engineering services for Basin 17 Capacity Improvements (\$106,921.00 / Utility Department / Budgeted - 2012 Sales and Use Tax Bonds)
- J. Resolution authorizing Change Order No. 3 with Crawford Construction Company for the Chaffee Crossing Water Supply Improvements - Pump Station (\$8,745.26 / Utility Department / Budgeted - 2012 Sales and Use Tax Bonds)

Regarding Item No. 2C, Vice-Mayor Settle conveyed much excitement with the project and extended gratitude to the Fire and Sanitation Departments for “working together.” Due to such, he requested Fire Chief Mike Richards to address the Board and provide a brief explanation of the project.

Chief Richards addressed the Board advising the proposed item authorizes the first phase of construction for a fire training tower, which will be constructed on the Department of Sanitation property and will be utilized by both City of Fort Smith fire and police personnel for training. The tower will be four (4) story facility with two (2) levels designed for live fire training, rescue training, law enforcement SWAT training, as well as training for many other types of emergency response situations. The proposed facility will be the only one of its kind in western Arkansas and is anticipated that such may also be utilized by

June 17, 2014 Regular Meeting

neighboring public safety personnel to provide valuable training opportunities. Funding for the project will come from the State of Arkansas Act 833 of 1991 and a one-time early portion of the fire department's share of the 1/4% sales tax authorized by the citizens of Fort Smith in March 2012. Due to monthly revenue from Act 833, no general fund monies are anticipated to be used for its operation. Currently, fire personnel must travel to Lincoln or Camden, Arkansas, to accomplish like training; therefore, such will further benefit the City by reducing travel expenditures for the departments who utilize the new facility.

Lorenz, seconded by Good, moved adoption of all consent agenda items. The members all voting affirmatively, the Mayor declared the motion carried and the resolutions were adopted and numbered R-63-14 through R-72-14 respectively.

Vice-Mayor Settle opened the Officials Forum with the following comments offered:

▶ Administrator Ray Gosack

Re: Announced the Board of Directors has been invited to attend a town hall meeting of the Asian and Hispanic community (Arkansas United Community Coalition). Said meeting is scheduled for 6:00 p.m., Thursday, June 26th at the Fort Smith Adult Education Center, 501 South 20th Street.

The Board entered into executive session at approximately 6:15 p.m. and after reconvening, Vice-Mayor Settle announced the following appointment nominations:

FORT SMITH MUNICIPAL EMPLOYEES BENEVOLENT FUND

BOARD OF ADVISORS

Citizen Representative

Marcy C. Moore (reappointment)

Term expires June 30, 2017

OUTSIDE AGENCY REVIEW PANEL

Daniel Maher

Term expires June 17, 2016

June 17, 2014 Regular Meeting

PLANNING COMMISSION

Michael Redd

(to fill the unexpired term of Michelle Hood who resigned)

Term expires April 30, 2017

PROPERTY OWNERS APPEAL BOARD

Scott Monroe (reappointment)

Term expires July 14, 2019

Appointments to the Historic District Commission are made by the Mayor; therefore, said appointments have been deferred to July 2014 to allow Mayor Sandy Sanders to be present.

Lau, seconded by Merry, moved acceptance of the above named nominations. The members all voting aye, Vice-Mayor Settle declared the motion carried.

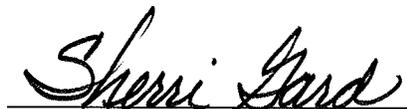
There being no further business to come before the Board, Lorenz moved that the meeting adjourn. The motion was seconded by Merry, and the members all voting aye, the Vice-Mayor declared the motion carried and the meeting stood adjourned at 6:32 p.m.

APPROVED:



MAYOR

ATTEST:



CITY CLERK