



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Tuesday, September 8, 2009

4:00 PM

Huntington Building

1. Call To Order

Mayor Perrin was also in attendance. Councilman Jim Hargis arrived at the meeting at 4:25 p.m.

Present 5 - Ann Williams; Jim Hargis; John Street; Darrel Dover and Mikel Fears

2. Approval of minutes

MIN-09:087 Minutes for the Finance Committee meeting on August 11, 2009.

Attachments: [Minutes](#)

A motion was made by Councilman John Street, seconded by Councilman Mikel Fears, that this Minutes be Passed. The motion CARRIED by a Voice Vote.

Aye: 3 - John Street; Darrel Dover and Mikel Fears

Absent: 1 - Jim Hargis

3. New Business

Ordinances To Be Introduced

ORD-09:059 AN ORDINANCE TO AMEND THE 2009 BUDGET TO APPROPRIATE FUNDS FOR THE SURVEY OF THE PIPE INVENTORY THROUGHOUT THE CITY OF JONESBORO

Sponsors: Finance

A motion was made by Councilman John Street, seconded by Councilman Darrel Dover, that this matter be Recommended to Council . The motion PASSED by an unanimous vote

Aye: 4 - Ann Williams; John Street; Darrel Dover and Mikel Fears

Absent: 1 - Jim Hargis

4. Pending Items

5. Other Business

Discussion concerning the Finance agenda

Mayor Perrin stated in the future the Finance Committee will be provided financial updates as FYI, which will not be discussed.

Pension RFP interview results

Chairwoman Williams noted the interviews for the actuarial services were held on Thursday. She added Assistant City Accountant Jim Eagan emailed the summary and memorandum.

Mr. Eagan stated both actuarial candidates were very good. He explained he believes Foster and Foster seems to have more of an intuitive approach and also has experience dealing with Principal Group. He added 99.9% of Foster and Foster's business deals with public entities. He noted Stephens, Inc. can manage funds at a much lower cost than Principal Group. He explained the Principal Group is making money by charging the City for administration, actuarial, advisory and management services and by moving the City's funds into the Principal Group's proprietary funds. He noted the City would be better off from a cost standpoint by changing to Stephens Inc. He recommended the City request RFPs for investment management services.

Councilman Dover asked if Stephens, Inc. would manage the money in terms of which funds the money would go into. Mr. Eagan answered Stephens, Inc. is only being looked at as advisors based on the RFPs. He added there is subsidiary of Stephens, Inc. the City could consider to manage the funds at a much lower cost basis overall. Councilman Dover then asked if the City could do that and not be charged a penalty. Mr. Eagan stated that is what Foster and Foster does. He added they have extracated other public entities from the Principal Group without annuities being required and without penalty.

Councilman Dover inquired if the City has gone from 2 steps to 3 steps. Mr. Eagan explained the City is able to do the third step now, which includes management services. He added the third step should be considered after Foster and Foster reviews and negotiates with Principal Group. He noted the overall process yielded satisfactory results concerning what the City could do in the future and what practices the Principal Group are doing that the City was not aware of. He added the Principal Group uses the benefit index, which is not an industry wide index.

Councilman Street asked how long it took Foster and Foster to extracate the City of Auburndale, Florida from Principal Group. Mr. Eagan answered he did not know for sure, but Stephens, Inc. did state they started and finalized it last month.

Councilman Darrel Dover motioned, seconded by Councilman John Street, to accept the Finance Department's recommendation to hire of Foster and Foster for actuarial services, Stephens, Inc. for the investment advisors and an RFP be made for funds management. Councilman Jim Hargis was absent for the vote. All others voted aye.

Chairwoman Williams asked if it is common for the three functions to be divided and if there are benefits from dividing the functions. Mr. Eagan answered yes, and there are some benefits from doing the practice. He added if the City had to be in compliance with ARISSA the current framework would be rejected by the Department of Labor for

non-compliance, which further stresses the separation of duties. He added the capital management and investment banking firm of Stephens, Inc. functions totally separate. He stated Stephens, Inc. had NASD violations, which was related to public finance. He noted by having the functions separate the City will continue to avoid any conflict of interest if they choose Stephens, Inc. He added each of the units serve as a co-fiduciary with the City for each of the functions.

Mr. Barksdale stated Stephens, Inc. has 32 basis points and trades will be done at cost with no markup, unlike with Principal Group who charges ½ to 1 ½ points.

Budget update/Revenue Enhancement

Chairwoman Williams stated the Revenue Enhancement Committee met Thursday to discuss new fees, permits and other revenue sources, which will be included in the budget process.

Mr. Barksdale explained the budget process started on Thanksgiving Day of 2008. He added the department heads have input their budgets. He stated he has a meeting tomorrow in Little Rock concerning state turnback funds and sales tax. He added he hopes to finish the revenue and expenditures side of the budget this week. He explained he plans to have a finalized budget that can be voted on by Thanksgiving.

Mayor Perrin stated he will visit the homebuilders to discuss the fees being imposed. He added the fees have not been increased in 30 years. He noted the fees will be increased gradually.

COM-09:118

Cell Phone Bid

Sponsors: Mayor's Office

Attachments: [Bid2009-34TabulationCellPhones](#)

City Clerk Donna Jackson explained amendments may need to be made to the drafted resolution. Mayor Perrin stated he would like for the fees to be locked in for 4 to 5 years instead of 2 years.

Councilman Dover asked how many phones will be included in the plan. Mayor Perrin answered last month's cell phone bill was over \$9,000, but he has now cut the number of cell phones in use. He added the bid includes 60 single phones, 34 smart phones that will allow the department heads to access email and 22 air cards. He explained Sprint had the lowest bid at \$5,688.64. He noted Verizon's bid was \$6,803.82 and AT&T's bid was \$7,123.50. He added Sprint will give the City a blackberry server, which the City will be able to program. He also added Sprint is giving the City \$11,000 if the City can be set up by the end of September, which equals two months of free service.

Mayor Perrin stated the current cost for each AVL is approximately \$60 a month, but he hopes to negotiate the price down to \$39 a month for each AVL. Chairwoman Williams asked what is the total number of AVLs. Mayor Perrin stated he did not have a total number. Operations Director Gary Harpole stated the City is currently paying approximately \$8,000 a month for the AVLs.

Councilman Dover questioned if new equipment would have to be bought. Mr. Harpole answered the equipment would interface, but in the future the cost of the

modem would be half of the cost the City is currently paying.

Councilman Dover asked if the City gets to keep the equipment they have now. Mr. Harpole answered yes. He added the equipment will work on a 4 GB network instead of 3 GB, which will increase the speed and enhance the service the City is currently receiving. Mr. Harpole explained the police car AVLs are hotwired in and the 4 GB should fix some latency issues.

Mayor Perrin stated he expects to save approximately \$60,000 to \$80,000 a year on the cell phone bill.

Ms. Jackson noted the resolution is currently not in Legistar.

Mr. Harpole explained the City will be able to renew the contract on a yearly basis. He added the Sprint representative has agreed to lock in the pricing for either 4 or 5 years. He noted the representative was out-of-state so the paperwork has not been taken care of. Ms. Jackson noted the funds would come out of the general reserve fund.

Councilman Mikel Fears, seconded by Councilman Darrel Dover, that this matter be Recommended to Council. All voted aye.

This item was Read.

Financial management policies

Mr. Barksdale explained the City has implemented some of the internal findings by ATA.

Mayor Perrin asked what the turn-around time is for the bank reconciliations. Mr. Barksdale answered the July and August statements are completed. He added a summary will be sent out each month.

Mr. Barksdale stated Stephens, Inc. will help the City write investment policies. Mr. Eagan explained the management strategy should coincide with the City's investment policy, due to the asset allocations and benchmark being a part of the firm's strategy. He noted the City wants to reflect what they are doing through the investment advisor, manager and actuarial survey.

Councilman Hargis questioned how long the transition from Principal Group to Stephens, Inc. would take. Mr. Eagan answered he believes it would not take long, but the City still has to go through the RFP process for management services.

Councilman Hargis asked if the management and advisor functions go together. Mr. Eagan answered the functions have to be separated.

Mayor Perrin stated he believes the internal controls will be a deficiency in the City's audit for this year. He added this year's audit should be better than last year's audit. Mr. Barksdale noted the auditors have approximately two more weeks at City Hall. Mayor Perrin explained he requested the auditors allow Chairwoman Williams attend the exit interview. He added he will have to sign a waiver so Chairwoman Williams can attend the exit interview.

CWL land deal

Mayor Perrin explained the City finalized the land deal with CWL concerning the land that includes the park, rural water and fire station on Highway 18. He added the land deal will allow the City to collect an additional \$80,000 in revenue. He noted the City will use some of the money to fix up the building.

COM-09:119 Jail Bill

Sponsors: Mayor's Office

This item was Read.

COM-09:124 August, 2009, Financial Statements

Sponsors: Finance

Attachments: [Aug-09 Accounts Payable](#)
[Aug-09 Receipts Disbursements and Changes in Fund Balances YTD](#)
[Aug-09 Motel Tax Spreadsheet](#)
[Aug-09 Sales Tax Revenue](#)
[Aug-09 Budget Adjustment Summary](#)
[Aug-09 Daily Cash Balances](#)
[Aug-09 State Turnback](#)
[Jul-09 Bank Reconciliations](#)

This item was Read.

COM-09:126 Interest Earned Statement for August, 2009

Sponsors: Finance

Attachments: [Aug-09 Review of Interest Earnings](#)

This item was Read.

6. Public Comments

7. Adjournment

A motion was made by Councilman Mikel Fears, seconded by Councilman John Street, that this meeting be Adjourned. The motion CARRIED by a Voice Vote.

Aye: 4 - Jim Hargis; John Street; Darrel Dover and Mikel Fears