



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Tuesday, July 14, 2009

4:00 PM

Huntington Building

1. Call To Order

Mayor Perrin was also in attendance.

Present 4 - Ann Williams; Jim Hargis; John Street and Mikel Fears

Absent 1 - Darrel Dover

2. Approval of minutes

[MIN-09:065](#)

Minutes for the Finance Committee meeting on June 9, 2009.

Attachments: [Minutes](#)

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

Aye: 3 - Jim Hargis; John Street and Mikel Fears

Absent: 1 - Darrel Dover

[MIN-09:066](#)

Minutes for the special called Finance Committee meeting on June 16, 2009.

Attachments: [Minutes](#)

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

Aye: 3 - Jim Hargis; John Street and Mikel Fears

Absent: 1 - Darrel Dover

[MIN-09:067](#)

Minutes for the special called Finance Committee meeting on June 30, 2009.

Attachments: [Minutes](#)

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

Aye: 3 - Jim Hargis; John Street and Mikel Fears

Absent: 1 - Darrel Dover

3. New Business

Resolutions To Be Introduced

RES-09:092

A RESOLUTION AUTHORIZING THE ENTRY INTO AN AGREEMENT TO ISSUE BONDS FOR THE PURPOSE OF ASSISTING IN THE FINANCING OF INDUSTRIAL FACILITIES WITHIN OR NEAR THE CITY OF JONESBORO, ARKANSAS, TO BE LEASED TO NORDEX USA, INC., PURSUANT TO THE AUTHORITY OF THE LAWS OF THE STATE OF ARKANSAS, INCLUDING PARTICULARLY AMENDMENT 65 TO THE ARKANSAS CONSTITUTION AND THE MUNICIPALITIES AND COUNTIES INDUSTRIAL DEVELOPMENT REVENUE BOND LAW.

Attachments: [PILOT Agreement - Nordex](#)

Ms. Anne Parker with Mitchell Williams Law Firm explained this is a preliminary resolution to issue up to \$150,000,000 in one or more series of bonds for the construction of Nordex. She added the draft of a payment in lieu of tax agreement is included, which was negotiated by local officials, Nordex and the State of Arkansas. She noted the pilot agreement will be for a 20-year period and requires Nordex to pay 35% of the valorem taxes they would have normally paid.

Councilman Hargis asked if the bonds would affect the credit rating of the City. Ms. Parker explained it would not affect the City's credit rating because the City is not responsible for repaying the bonds. She added the City's only obligation is to pass lease payments on because the City holds title to the Nordex project.

Mr. Richard Casey, Chief Legal Officer & Corporate Secretary of Nordex, explained Nordex will release information concerning the groundbreaking and the project schedule shortly. He thanked the City and other local officials for the support they have shown to Nordex. He added Nordex will employ approximately 700 full-time employees.

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

Aye: 3 - Jim Hargis; John Street and Mikel Fears

Absent: 1 - Darrel Dover

4. Pending Items

5. Other Business

Accounting issues with JETS

Finance Director Jim Barksdale explained appropriations have been increased to \$70,000 to correct accounting issues and other items with JETS. He added the City has loaned JETS \$100,000, but a resolution was passed for only \$50,000. He recommended amending the resolution or forgive the loan. He added he spoke with JETS Director Steve Ewart and they are working on a projection of what JETS will

need to operate for the rest of the year.

Mayor Perrin stated once payroll is paid JETS will be in the negative. He recommended amending the resolution so JETS can be in the positive status. He added he requested Mr. Ewart bring back revenue and expense reports in the next 30 days. He added the reports will help figure out a way for JETS to pay back the \$100,000.

Mayor Perrin explained the former JETS Director used funds for capital improvements instead of operating expenses. He added JETS is still carrying the burden of that error. He noted the amount was \$250,000. Mr. Ewart explained JETS had problems making cash flow due to the funds being pulled from a capital grant, which required JETS to pay the money back. He noted operating during the ice storm cost JETS approximately \$10,000 in salaries. He added JETS only will be able to recuperate overtime pay, which will be significantly less than the salary paid out. He stated JETS resubmitted their budget, which they were able to reduce from \$2.1 million to \$1.5 million. He noted they may actually come in around \$1.4 million.

Councilman Hargis asked if JETS is still funded by federal grants. Mr. Ewart answered yes. He noted the revenue streams by the FTA have not been reduced and will not be reduced.

Councilman Hargis asked what the numbers are for ridership. Mr. Ewart answered it is approximately the same in 2008. He explained JETS bus drivers were not properly trained on the Genfare machine, which caused duplications of ridership. He noted the bus drivers went through proper training in August of 2008 and protocols were established to fix the problem.

Mayor Perrin explained funding JETS is costing the City more than the original \$130,000 previously approved by the Council. He added the JETS 2010 budget will be funded with only what is needed. He commended Mr. Ewart on a good job of cutting his budget by \$666,000 since January.

Councilman Mikel Fears motioned, seconded by Councilman Jim Hargis, to amend RES-09:048 for up to \$100,000 to be loaned to JETS. All voted aye.

City Clerk Office Manager Nikki Nottingham noted later in the meeting they will need a new resolution to amend the resolution that gave JETS \$50,000. She added the resolution will also have to be approved by Council.

Adjusted journal entries

Finance Director Jim Barksdale stated a \$120,000 interest adjustment was made as part of the adjusted journal entry that ATA had found. He noted the auditors would like for the City to put a hold on any further adjustments until the audit is finished.

COM-09:086

Discussion concerning the Mid-Year budget cuts by department

Attachments: [Mid-Year budget cuts by department](#)

Mr. Barksdale explained in addition to the \$502,000 budget cut from Capital Improvements another \$597,169 has been cut from the 2009 budget. He added the Finance Department has reprioritized the high priority projects, such as the Public Works facility, restriping of the roadways and ditch work.

This item was Read.

Discussion concerning the five RFQs received for the City's non-uniform pension plan management

Chairwoman Williams stated Mr. Barksdale received 5 RFQs for the City's non-uniform pension plan management. She recommended setting a time and date for the Finance Committee to interview each applicant.

Mr. Barksdale stated he would notify each applicant of the time and date. He noted he will present the Finance Committee members with a packet of information concerning each applicant by Friday.

Councilman Street motioned, seconded by Councilman Hargis, that a special called Finance Committee be held on July 23 at 4:00 p.m. to interview the 5 applicants for the City's non-uniform pension plan management, allowing 30 minutes for each applicant. All voted aye.

COM-09:087

Discussion concerning the City's non-uniform pension report for June, 2008.

Attachments: [Non-Uniform Pension PFG Returns](#)

Mr. Barksdale explained the City's non-uniform pension plan amount as of June is \$5.17 million. He added the amount is down from a year ago, but is up \$228,000 since January 1, 2009. He noted the police pension is up as well.

This item was Read.

Chart of accounts recommendations by ATA

Mr. Barksdale explained the City has received the final recommendations from ATA concerning the chart of accounts. He added a meeting has been scheduled for July 22 with Mr. Hewitt to discuss the changes to the charts of accounts. He also added the budget is being done online for the first time using Springbrook's budget module. He noted Mr. Jack Turner has completed all of the testing on the modules and everything looks good.

Chairwoman Williams questioned if the changes to the chart of accounts will favorably affect this year's audit. Mr. Barksdale answered no, because the audit is for 2008.

He noted he has been informing the auditors of the changes being made to the City's accounting issues.

Hotel & Motel tax and Privilege licenses

Mr. Barksdale explained the City has collected all delinquent privilege licenses from all but six businesses. He added the six delinquent businesses are being turned over to the City Attorney for further action. He noted \$5,000 worth of new business licenses was collected. He added all motel tax fees are current except for two businesses who agreed to make two monthly payments until they are caught up.

He explained the City has developed an alcohol tax audit schedule. He stated for the City to receive their fair share of the alcohol tax the Collections Department will do one audit per week and report the findings to the Mayor.

Councilman Hargis asked if the hotel tax is submitted to the state. Mr. Barksdale

answered no, because the money comes directly to the City.

Mayor Perrin explained the City received a copy of all of the businesses in Jonesboro who remit sales tax to the Department of Finance and Administration in Little Rock. He added the City has identified over 500 businesses who do not have a privilege licenses in Jonesboro, but who are remitting sales tax. He noted the Collections Department will be making phone calls and personal visits to try and collect the money owed.

Chairwoman Williams asked if a national business chain is required to have a privilege license in Jonesboro if their headquarters is not based in here. City Collector Becky Sharp answered all businesses in Jonesboro are required to have a privilege license no matter where their headquarters are based.

COM-09:088

Natural Gas Severance Tax

Attachments: [Natural Gas Severance Tax](#)

Mr. Barksdale explained the Natural Gas Severance tax amount for April was \$11,700, May was \$9,600 and June was \$12,700. He noted July's amount is down. He noted the City budgeted \$250,000 for the tax, but the actual amount will be less. He added the City will adjust the budget accordingly.

This item was Read.

Memo concerning the accounting issues

He noted the accounting issues memo has been completed and will be discussed at the next Finance Committee meeting. He added most of the issues have been corrected.

Discussion concerning the 2010 budget

Mayor Perrin explained Mr. Turner and Springbrook will start training on the budget module next week. He noted the training should take approximately 1 to 2 weeks due to the number of employees needing training.

He stated he would like to have the 2010 budget ready for the Finance Committee no later than November 1, 2009. He added the City will start the official budget process on August 1, 2009.

He noted revenues are down and he anticipates revenues to be flat in 2010.

Mr. Barksdale explained he has a tentative budget schedule prepared. He added he will meet with Operations Director Gary Harpole tomorrow to finalize the schedule. He noted the schedule should be available next week.

ORD-09:048

AN ORDINANCE TO AMEND THE 2009 ANNUAL BUDGET AND THE PAY PLAN FOR THE CITY OF JONESBORO TO ADD THE POSITION OF ADMINISTRATIVE ASSISTANT TO THE COMMUNITY DEVELOPMENT DEPARTMENT

Sponsors: Community Development

Attachments: [Admin Asst GR07 CDBG](#)

Mayor Perrin explained this is a new position, but the current Grants Administrative

Secretary Miranda Kerperien will be promoted to this position. He noted the position is classified as a Grade 12, Step 6. He added this promotion will allow Ms. Kerperien to sign off on certain items when Grants Coordinator Gayle Vickers is out of the office.

A motion was made by Councilman Jim Hargis, seconded by Councilman John Street, that this Ordinance be Recommended to Council. The motion CARRIED by a Voice Vote.

Aye: 3 - Jim Hargis;John Street and Mikel Fears

Absent: 1 - Darrel Dover

6. Public Comments

7. Adjournment

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

Aye: 3 - Jim Hargis;John Street and Mikel Fears

Absent: 1 - Darrel Dover