



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Tuesday, June 14, 2011

4:00 PM

Huntington Building

1. Call To Order

Mayor Perrin was also in attendance.

Councilman Fears left at 4:35 p.m.

Present 5 - Ann Williams; John Street; Darrel Dover; Mikel Fears and Charles Coleman

2. Approval of minutes

MIN-11:044 Minutes for the Finance Committee meeting on May 24, 2011.

Attachments: [Minutes](#)

A motion was made by Councilman John Street, seconded by Councilman Mikel Fears, that this matter be Passed . The motion PASSED by a unanimous vote

Aye: 4 - John Street; Darrel Dover; Mikel Fears and Charles Coleman

3. New Business

COM-11:042 Communication regarding non-uniform pension plan by Mr. Wyck Nisbet from the Friday, Eldridge, & Clark firm.

Sponsors: Mayor's Office and Finance

Attachments: [Supporting documentation](#)

Attorney Wyck Nisbet, from Friday Eldridge and Clark, discussed the non-uniform pension plan. He recommended freezing the defined benefit plan as it currently exists as of December 31, 2011. Existing retirees will experience no change in benefits, while active employees will have their benefits frozen and will receive additional compensation from a new defined contribution benefit plan that would cover the rest of their service. Employees will be encouraged to contribute to the new benefit plan and will receive federal and state tax benefits for contributing to the plan. Mr. Nisbet explained what is being discussed is for the City to put in a flat percentage rate of compensation each year for all employees with an additional 457 employee contribution plan that will match 50% of what the employee contributes up to 6% of pay, if the employee chooses to contribute to the plan. They will try to design the new plan to be the same as the frozen plan in terms of eligibility and who is vested. He noted the employees will need to be educated so they understand their benefit options. He added they will look at the plan every two to three years to see if the plan

needs any changes.

Councilman Dover questioned if employees who are close to retirement now will be 100% vested in the new plan. Mr. Nisbet answered yes, he recommends giving credit for past service.

Parks employee Larry Jackson, Employee Representative chairman, clarified the new plan will not have a multiplier like the current plan has. Mr. Nisbet answered it substitutes other multipliers. Mr. Jackson then questioned who will be in charge of the investments of the new 457 plan. Mr. Nisbet stated initially it will be invested in a common pool due to investment returns being statistically lower when chosen by individuals. The pool will be one big trust with different investments in the trust, as selected by whoever is designated to make those decisions. Mr. Jackson asked whether there will be any vesting requirements for the 457 plan. Mr. Nisbet stated employees will always be vested in the 457 contribution portion of the pension plan, but the City's mandatory contribution portion of the plan will still have a vesting schedule with previous service being put towards that requirement. Anyone who has worked with the City for five or more years will automatically be vested in both portions of the plan.

Mr. Jackson questioned the employee options when they retire. Mr. Nisbet encouraged educating the employees and having the option of taking out an annuity or lump sum. Employees vested in the Principal retirement plan will still receive a check every month from that plan. Beneficiaries will receive 100% of the account balance in the new plan in the event of the participant's death.

Mr. Jackson then questioned the mandatory contributions and the employee contributions to the plan. Mr. Nisbet recommended the City have a minimum mandatory contribution of 3%, whether or not the employee contributes. The employee contribution will be matched 50% by the City up to 6%.

Mr. Jackson asked if the mandatory contribution percentage is locked in as 1%, 2% or 3% or if it could get as high as 7% like the Mayor had once indicated to him. Mr. Nisbet explained there will be a fixed mandatory contribution by the City, but the City could also make a discretionary contributions depending on the state of the budget.

Councilman Dover questioned what the timeline is to get the new plan started on January 1, 2012. Mr. Nisbet recommended notifying the employees in November or December in order to educate the employees about their options with the new plan. He then discussed the effects of the employee contributions to the pension plan. He reiterated the 457 portion of the plan is voluntary, not mandatory for the employee contribution.

Councilman Dover asked if beneficiaries will still get 100% of the employee's contribution benefits if the employee passes away before being vested in the plan. Mr. Nisbet answered yes, the beneficiaries will still get 100% of what the employee contributed towards the plan. Mayor Perrin stated the Council will have to decide upon a percentage, the investment manager and the actuary for the pension fund. He added they will have to come up with the information probably within the next 90 days due to the budget process starting in August.

Read

Resolutions To Be Introduced

RES-11:090 RESOLUTION ESTABLISHING A POLICY PROHIBITING THE USE OF EXCESSIVE FORCE BY LAW ENFORCEMENT AGENCIES WITHIN JONESBORO'S JURISDICTION AGAINST INDIVIDUALS ENGAGED IN NON-VIOLENT CIVIL RIGHTS DEMONSTRATIONS.

Sponsors: Grants

Grants Coordinator Heather Clements explained RES-11:090, RES-11:091, RES-11:092 and RES-11:094 are all related to the IKE-2 grant fund for \$505,000 that will be used to purchase three generators for the community centers. Mayor Perrin noted the funds are 100% and do not require a match by the City.

A motion was made by Councilman John Street, seconded by Councilman Charles Coleman, that this matter be Recommended to Council . The motion PASSED by a unanimous vote

Aye: 3 - John Street;Darrel Dover and Charles Coleman

Absent: 1 - Mikel Fears

RES-11:091 RESOLUTION TO ENSURE FURTHERANCE OF FAIR HOUSING PRACTICES IN JONESBORO, ARKANSAS

Sponsors: Grants

A motion was made by Councilman John Street, seconded by Councilman Charles Coleman, that this matter be Recommended to Council . The motion PASSED by a unanimous vote

Aye: 3 - John Street;Darrel Dover and Charles Coleman

Absent: 1 - Mikel Fears

RES-11:092 RESOLUTION FOR A RESIDENTIAL ANTI-DISPLACEMENT PLAN TO RECEIVE IKE-2 GRANT FUNDS

Sponsors: Grants

A motion was made by Councilman John Street, seconded by Councilman Charles Coleman, that this matter be Recommended to Council . The motion PASSED by a unanimous vote

Aye: 3 - John Street;Darrel Dover and Charles Coleman

Absent: 1 - Mikel Fears

RES-11:094 RESOLUTION OF THE CITY COUNCIL OF JONESBORO, ARKANSAS TO AUTHORIZE THE MAYOR AND THE CITY CLERK TO EXECUTE AN ADMINISTRATIVE CONTRACT WITH THE EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, AND WILL BE FOR THE ADMINISTRATION OF THE ARKANSAS ECONOMIC DEVELOPMENT PROGRAM (ACEDP), FOR A DISASTER RELIEF PROJECT FOR JONESBORO.

Sponsors: Grants

A motion was made by Councilman John Street, seconded by Councilman Charles Coleman, that this matter be Recommended to Council . The motion PASSED by a unanimous vote

Aye: 3 - John Street;Darrel Dover and Charles Coleman

Absent: 1 - Mikel Fears

RES-11:103 A RESOLUTION TO ENTER INTO CONTRACT WITH MICHAEL BURROUGHS FOR ACCOUNTANT SERVICES FOR THE FINANCE DEPARTMENT.

Sponsors: Finance and Human Resources

Attachments: [Burroughs contract](#)
[Burroughs contract - PDF version](#)

Chief Financial Officer Ben Barylske explained this person will replace HJ Hwang, who was formerly the City Accountant and has not been replaced since her departure last month. He further explained Mr. Burroughs worked with Legislative Audit for almost 30 years and is currently retired. Mr. Burroughs will be contracted out with the City, saving about \$16,000 in payroll compared to Ms. Hwang's salary.

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

Aye: 3 - John Street;Darrel Dover and Charles Coleman

Absent: 1 - Mikel Fears

4. Pending Items

5. Other Business

6. Public Comments

7. Adjournment

A motion was made by Councilman Darrel Dover, seconded by Councilman John Street, that this meeting be Adjourned . The motion PASSED by a unanimous vote

Aye: 3 - John Street;Darrel Dover and Charles Coleman

Absent: 1 - Mikel Fears