

'97 JUL 30 AM 9 19

Memo To: Finance Committee

From: *L* Larry FlowersRe: **Discontinuance of Travelers Insurance Contract**

Date: July 30, 1997

Post-It® Fax Note		7671	Date	7-30-97	# of pages ▶
To		Brian Rega		From	
Co./Dept.				L. Flowers	
Phone #				Co.	
Fax #		972-0036		Phone #	
				Fax #	

We have received a proposal from Travelers (enclosed) offering to discontinue their non-uniform pension plan contract under one of two options. The Mayor and I feel that Option II (see Page 2 of Travelers' proposal) is the better choice. Please review the proposal for discussion and/or action by the Finance Committee at the regular Committee meeting scheduled for August 14.

'97 JUL 30 AM 9 22

**TravelersLife and Annuity**  
A Member of Travelers Group

Missa A. Dumont  
Account Manager  
Asset Management &  
Pension Services Department

Travelers Insurance  
One Tower Square 7MS-A  
Hartford, CT 06183-8030  
Telephone: 860 277-2784  
or 1 800 842-6481  
FAX: 860 954-2472

July 25, 1997

Mr. Hubert Brodell  
Mayor  
City of Jonesboro  
P.O. Box 1845  
Jonesboro, AR 72403-1845

Post-it® Fax Note	7671	Date	# of pages 2
To	Hubert Brodell	From	Missa Dumont
Co./Dept.		Co.	The Travelers
Phone #		Phone #	
Fax #	870 933-4619	Fax #	

Dear Mayor Brodell:

**Group Annuity Contract GR-1625**

Pursuant to our conversation, I have reviewed your request regarding the discontinuance of Group Annuity Contract GR-1625.

As you are aware, the contracts' discontinuance provisions outlined under Article VII, Section B of Group Annuity Contract GR-1625 states that the percentage of the fund attributable to Employee Accumulation shall be deducted. Once the Employee Accumulation account is deducted from the fund, the assets remaining, "unrestricted fund" would then be paid out in 10 annual installments, with the first installment paid 6 months from the date the Travelers receive written notice. The annual interest rate credited to the fund would be 4.0%.

However, understanding the City's request, at this time we are willing to offer two extra contractual alternatives. Any extra contractual offers would require a rider to the existing contract. The rider must be mutually accepted by both parties and then submitted and approved by the Insurance Department of Arkansas. Once the City selects the option, we would prepare the rider and forward a copy for your review. Upon The Insurance Departments approval, and signature by The City of Arkansas, The Travelers Insurance Company will cosign the document and pay out the contract based on the option outlined in the rider.

The total fund balance as of June 30, 1997 is \$550,935.55.

Representing The Travelers Insurance Company

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Mayor Hubert Brodell

7/25/97

**Option I.**

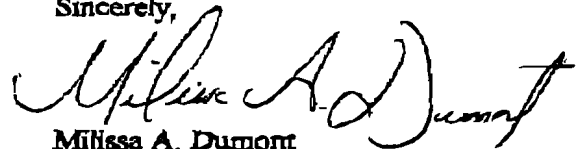
The Travelers would be willing to payout 100% of the total fund in 3 annual installments. Pending the approval of the insurance department, this offer would be effective around September 1, 1997. We would not hold the 6 month delay nor require the purchase of paid up deferred annuities with the "Employee Accumulation" restricted assets. The interest rate credit to the account during the installment period would be 4.0%

**Option II.**

A one time offer of 100% of the Employee Accumulation and 95% of the unrestricted fund would be paid in a lump sum. Pending the approval of the insurance department this offer would be effective on or around September 1, 1997.

I hope you will find that our extra contractual offers will meet the needs of the Retirement Plan for Employees of The City of Jonesboro. Upon your review of the alternatives outlined above, please give me a call if you have any questions. Should the City decide to discontinue the contract The Travelers would require written confirmation of the City's intention to terminate Group Annuity Contract GR-1625. The City of Jonesboro has been a longtime customer of The Travelers. We appreciate your business over the years and if I can offer any assistance during the transition please do not hesitate to give me a call.

Sincerely,



Melissa A. Dumont

cc: Larry Flowers

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Representing The Travelers Insurance Company

\*\*\* TOTAL PAGE.02 \*\*\*