



# City of Jonesboro

900 West Monroe  
Jonesboro, AR 72401

## Meeting Minutes Finance & Administration Council Committee

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Thursday, July 23, 2009

4:00 PM

Huntington Building

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### Special Called Meeting

#### 1. Call To Order

*Mayor Perrin was unable to attend the meeting.*

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

#### 2. New Business

**COM-09:092** Non-Uniform Pension Plan Management RFQ information

**Sponsors:** Finance

**Attachments:** [Pension RFQ request information](#)  
[Segal Company](#)  
[Stephens, Inc.](#)  
[First Security Bank Wealth Management](#)  
[Cafaro Greenleaf](#)  
[Additional information concerning the pension](#)

*Finance Director Jim Barksdale explained the City does not have a policy regarding the fiduciary responsibilities for the City's pension plan. He noted he will draft a policy and bring it to the next Finance Committee meeting.*

*Mr. Barksdale explained a fiduciary is someone who can administer, manage or control the plan's assets. He noted the City assigned Principal Group as the fiduciary, but the City still has the responsibility of reviewing the investment manager's performance to make sure they are following the objectives as set by the City. He noted the City does not have any objectives set forth.*

*Chairwoman Williams questioned if the frequency for reviewing the plan should be included in the City's written policy. Mr. Barksdale answered yes.*

*Mr. Barksdale explained the GFOA recommended the benchmarks be set independently instead of having Principal Group handle them. He added the GFOA also recommended reviewing the mix of assets.*

*Chairwoman Williams questioned how the Finance Committee will know which benchmark to choose. Mr. Barksdale answered the Finance Department will review and summarize the available benchmarks and present their recommendations to the committee.*

*Mr. Barksdale explained the City has less than 20% of the pension income invested in fixed income.*

*Discussion was held concerning different types of stocks. Mr. Barksdale recommended the City set a range or percentage for what they want the planned assets to be.*

*Chairwoman Williams asked how often the City should meet to review the City's non-uniform retirement plan. Mr. Barksdale explained the Finance Department will prepare a policy concerning how often the retirement plan should be reviewed.*

*Mr. Barksdale explained the RFQ for the non-uniform pension plan management that was sent out recently did not include enough information, which caused some of the companies to ask for additional information. Councilman Dover noted Principal Group will still be the custodial account holder, but another company will handle how the money is invested.*

*Discussion was held concerning fees that are charged for Principal Group's services. Mr. Barksdale stated it is hard to figure out how much the City pays Principal Group because it is not easily shown in the reports the City receives.*

*Councilman Dover recommended publishing the new RFQ in trade magazines. He added the number of employees and the amount of money to be managed needs to be added in the RFQ.*

*Councilman Fears asked if Stephens, Inc. is qualified to provide the services the City is requesting. Mr. Barksdale explained Stephens, Inc. already has the Police Pension and they are very qualified to handle the services.*

*Councilman Hargis asked what is the time line for receiving new RFQs. Mr. Barksdale stated the protocol is to open the bids ten days after the RFQ is sent out.*

*Chairwoman Williams questioned if the City is allowed to notify firms that are qualified for the non-uniform pension plan management services. Assistant City Accountant Jim Eagan answered yes.*

*Councilman Mikel Fears motioned, seconded by Councilman Darrel Dover, that a more detailed RFQ be sent out regarding what the City is looking for concerning the non-uniform pension plan management and for it to be written by Mr. Barksdale and Mr. Eagan. All voted aye. This motion was later amended.*

*Councilman Dover recommended having Mayor Perrin make the decision on which media publications to use when publishing the RFQs.*

*Councilman Darrel Dover motioned, seconded Councilman John Street, that a RFQ be sent out regarding actuarial services for the City's non-uniform pension plan and for it to be written by Mr. Barksdale and Mr. Eagan. All voted aye. This motion was later amended.*

*Councilman Dover questioned if the City can move the custodial contract from Principal to another company without canceling the contract. Mr. Barksdale answered no, because of the contract.*

*Discussion was held concerning what the duties of Principal Group will be regarding the City's non-uniform pension plan. Councilman Dover explained currently Principal Group does three functions for the City concerning the non-uniform pension plan. He*

*added the City is removing the actuarial and management functions from Principal Group. Councilman Fears noted another company will direct Principal Group on where to invest the City's funds.*

*Mr. Eagan explained it's the Finance Committee's responsibility to make sure the investments are within the City's guidelines for the non-uniform pension plan. He noted investing in one common stock during this volatile market would be imprudent to the City's non-uniform pension plan.*

*Further discussion was held concerning investing in stocks.*

*Councilman Dover questioned if legal protocol prohibits the City requesting RFPs before doing RFQs. Mr. Eagan answered no because the RFP should require the applicant to provide their qualifications*

*Councilman Mikel Fears motioned, seconded by Councilman Darrel Dover, that the previous motion for management services be amended to say RFP instead of RFQ. All voted aye.*

*Councilman John Street motioned, seconded by Councilman Darrel Dover, that a draft of a financial policy written by the Finance Department be presented at the August 11, 2009, Finance Committee meeting. All voted aye.*

*Councilman Darrel Dover motioned, seconded by Councilman Mikel Fears, that the motion for actuarial services be amended to say RFP instead of RFQ. All voted aye.*

*Discussion was held concerning the financial activity concerning the non-uniform pension plan.*

**This item was Read.**

### **3. Adjournment**

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

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